REVIEW OF ACTIONS TAKEN ON THE 1999 CONGRESSIONAL COMMISSION ON SERVICEMEMBERS AND VETERANS TRANSITION ASSISTANCE REPORT

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

DECEMBER 7, 2006

Printed for the use of the Committee on Veterans' Affairs

Serial No. 109-68

31-325.PDF

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 2007

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

COMMITTEE ON VETERANS' AFFAIRS

STEVE BUYER, *Indiana, Chairman*

MICHAEL BILIRAKIS, *Florida*
TERRY EVERETT, *Alabama*
CLIFF STEARNS, *Florida*
DAN BURTON, *Indiana*
JERRY MORAN, KANSAS
RICHARD H. BAKER, *Louisiana*
HENRY E. BROWN, JR., *South Carolina*
JEFF MILLER, *Florida*
JOHN BOOZMAN, *Arkansas*
JEB BRADLEY, *New Hampshire*
GINNY BROWN-WAITE, *Florida*
MICHAEL R. TURNER, *Ohio*
JOHN CAMPBELL, *California*
BRIAN P. BILBRAY, *California*

LANE EVANS, *Illinois, Ranking*
BOB FILNER, *California*
LUIS V. GUTIERREZ, *Illinois*
CORRINE BROWN, *Florida*
VIC SNYDER, *Arkansas*
MICHAEL H. MICHAUD, *Maine*
STEPHANIE HERSETH, *South Dakota*
TED STRICKLAND, *Ohio*
DARLENE HOOLEY, *Oregon*
SILVESTRE REYES, *Texas*
SHELLEY BERKLEY, *Nevada*
TOM UDALL, *New Mexico*
JOHN T. SALAZAR, *Colorado*

JAMES M. LARIVIERE, *Staff Director*

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

JOHN BOOZMAN, *Arkansas, Chairman*
RICHARD H. BAKER, *Louisiana*
GINNY BROWN-WAITE, *Florida, Vice Chairwoman*
JOHN CAMPBELL, *California*
BRIAN P. BILBRAY, *California*

STEPHANIE HERSETH, *South Dakota, Ranking*
DARLENE HOOLEY, *Oregon*
LANE EVANS, *Illinois*

MICHAEL F. BRINCK, *Subcommittee Staff Director*

CONTENTS

December 7, 2006

	Page
Review of Actions Taken on the 1999 Congressional Commission on Servicemembers and Veterans Transition Assistance Report	1

OPENING STATEMENTS

Chairman Boozman	1
Prepared statement of Chairman Boozman	35
Hon. Stephanie Herseth, Ranking Democratic Member, Subcommittee on Economic Opportunity	3
Prepared statement of Ms. Herseth	38
Hon. Darlene Hooley	4

STATEMENTS FOR THE RECORD

Simpson, Hon. Mike, a Representative in Congress from the State of Idaho	37

WITNESSES

Arsht, Leslye, Deputy Under Secretary for Military Community and Family Policy, U.S. Department of Defense	24
Prepared statement of Ms. Arsht	92
Ciccolella, Hon. Charles S., Assistant Secretary for Veterans' Employment and Training, U.S. Department of Labor	20
Prepared statement of Hon. Ciccolella	81
Mansfield, Hon. Gordon H., Deputy Secretary, U.S. Department of Veterans Affairs	17
Prepared statement of Hon. Mansfield	69
Principi, Hon. Anthony J., former Chairman, Congressional Commission on Servicemembers and Veterans Transition Assistance Established Pursuant to Public Law 104-275, and former Secretary, U.S. Department of Veterans Affairs	5
Prepared statement of Hon. Principi	39
Wincup, Hon. G. Kim, former Vice Chairman, Congressional Commission on Servicemembers and Veterans Transition Assistance Established Pursuant to Public Law 104-275	10

REVIEW OF ACTIONS TAKEN ON THE 1999 CONGRESSIONAL COMMISSION ON SERVICEMEMBERS AND VETERANS TRANSITION ASSISTANCE REPORT

THURSDAY, DECEMBER 7, 2006

U.S. House of Representatives,
Subcommittee on Economic Opportunity,
Committee on Veterans' Affairs,
Washington, D.C.

The subcommittee met, pursuant to call, at 2:02 p.m., in Room 334, Cannon House Office Building, Hon. John Boozman [chairman of the subcommittee] Presiding.

Present: Representatives Boozman, Baker, Brown-Waite, Campbell, Bilbray, Herseth, Hooley and Evans.

Mr. Boozman. I apologize for running a little bit late. There is just a lot of stuff going on up here right now in an effort to wind things down.

The final hearing of the Subcommittee on Economic Opportunity will come to order.

Today is the last House Veterans' Affairs Committee hearing of the 109th Congress. It is also Pearl Harbor Day, and I hope each of us will take a moment to remember the souls that were lost that day. Fortunately, I do not believe this will be a day that goes in the history books as a day of infamy.

Before we begin today's official business, I want to extend my sincere appreciation for the bipartisan spirit that has been the hallmark of our operation for the last 2 years. I especially want to thank our Ranking Member, Stephanie Herseth, for the work she has done and the manner in which she has done it. I could not have had a better Ranking Member.

To our staffs, I also want to say thanks for their efforts over the past 2 years; and for those who will be leaving us, you go with our best wishes. I really do mean that. I appreciate you guys so much.

Right now, we are in the situation where the country is unhappy with us in the sense that there is a lot of wrangling going on that is

unnecessary. But, I think the Committee overall, the entire Committee, has operated in a bipartisan manner ever since I have been in Congress, if we could mimic that throughout Congress we would be a lot better off.

Now there is a rumor that Ms. Herseth will be changing titles in a few weeks, and at that time I will hand her the gavel and truly will wish her my best wishes and do all that we can to be helpful.

First, Congressman Simpson has asked for permission to enter a statement record. Without objection, so ordered.

[The statement of Michael K. Simpson appears on p. 37]

MR. BOOZMAN. During the 109th Congress, the Economic Opportunity Subcommittee spent considerable effort conducting oversight of the transition assistance programs and the GI Bill. We did that because we felt that the best thing we could do for those leaving military service and those remaining in uniform was to ensure that the process of returning to civilian life was reasonably smooth and offered the chance to obtain gainful employment.

Did we find the perfect system? No. Did we find the system that provides good basic information assistance? I believe that we did. But, like many government programs, the system can be made to work better, and that is why we are here today. Because, in the end, it is all about a good civilian job, whether it is right out of the service or following shorter extended training and education periods.

In January, 1999, in response to Public Law 104-275, the Commission on Servicemembers and Veterans Transition Assistance issued its report. In general, the Commission was tasked to, number one, review the adequacy and effectiveness of veterans' transition assistance and benefits programs and providing assistance to members of the Armed Forces in making the transition and adjustment to civilian life; reviewing the allocation under the law of responsibility for the administration of the veterans' assistance and benefits programs among the various departments and agencies of the government and determine the feasibility and desirability of consolidating such administration; thirdly, to evaluate proposals for improving such programs, including the proposals for alternative means of providing services delivered by such programs; and, fourth, make recommendations to Congress regarding the need for improvements in such programs.

The Commission met for several years, and the results from the report was wide ranging in its views addressing the many issues facing servicemembers who were transitioning to civilian life. Following the release of the report, the House Veterans' Affairs Committee formally received the views of the Commission.

There has been a lot of water under the bridge since then, so, continuing with our focus on employment and transition issues, we thought it would be fitting to close out the 109th Congress with a

review of how far we have come relative to the Commission's recommendations and to set the stage for the 110th Congress.

I now yield to Ms. Herseth for her opening comments.

[The statement of Mr. Boozman appears on p. 35]

Ms. Herseth. Thank you, Chairman Boozman; and good afternoon to you.

Before we begin, I also want to express my gratitude to you for your leadership on this subcommittee and for the bipartisan approach that you have taken to our work. The very good relationship that members of our staff have shared over the past couple of years and our working relationship and personal friendship are a mark of what our constituents would hope would be the manner in which we conduct our business here in Washington. I anticipate that our working relationship will continue on this subcommittee and the full Committee, and we look forward to that as we build upon the work that we have undertaken in the 109th Congress into the next one.

There are so many matters that are before us as it relates to our servicemembers, veterans and military families and the future. I want to thank all of today's witnesses for your insights, for the written testimony that you have submitted and your time today. Your views and insights are critically important to this subcommittee as we examine policies and recommendations concerning servicemembers' transitions to civilian life in their veteran status.

Mr. Chairman, we ask a great deal of our servicemembers, as all of us in this room understand. We ask a lot of our veterans and military families, perhaps more than any other segment of our society. No doubt they have earned and deserve our best efforts to provide them with a quality and enlightened process as they prepare and ultimately separate from military service.

In my opinion, military recruiting and overall morale could be improved by ensuring a quality transition process and providing new and improved opportunities for veterans to explore in the civilian workforce, entrepreneurial and higher education sectors. A veteran and, perhaps more importantly, a military family that experiences a successful transition to civilian life is arguably more important than a Madison Avenue ad as it relates to purposes of our all-volunteer force.

Mr. Chairman, I look forward to hearing the witnesses' testimony, working with you, your staff, all of our colleagues on this Committee, Ms. Hooley and her great work on the subcommittee to examine and develop policies aimed to improve readjustment services for men and women in uniform. Thank you, and I yield back.

[The statement of Ms. Herseth appears on p. 38]

Mr. Boozman. Ms. Hooley.

MS. HOOLEY. Thank you, Mr. Chairman.

I appreciate the opportunity to be here this afternoon and for this Committee to review the progress made by the Department of Veterans Affairs, Labor and Defense regarding the implementation of the recommendations of the 1999 Congressional Commission on Servicemembers and Veterans Transition Assistance Report.

The issues surrounding the transition of our servicemembers and veterans are of great interest to me personally.

I worked during the last several appropriations cycles to add funds to the Department of Labor for the purpose of educating employers on their responsibility under Uniformed Services Employment and Reemployment Act (USERRA), and I look forward to hearing from the Department representatives.

One of the issues I have been particularly involved in has been the reintegration of the Oregon National Guard members who are returning from long deployments in Iraq and Afghanistan—Guard and Reserve members. I sometimes think we forget how different their return is from the regular military, but they face unique challenges as they often transition directly from a war zone back into civilian life without the support network provided by the active duty base.

They are coming home to go back to work in their businesses or to return to school. The life they face post-deployment is radically different from their lives as active duty soldiers. In many cases, they may not have the support of a job, or family life may be dramatically altered.

Despite an increase in reliance on the Guard and Reserve members, in many cases they are still treated as second-class citizens by our government. One of the areas where this is most apparent is in the Montgomery GI Bill benefits. Although we have made improvements to the educational benefits for Guard and Reserve members in recent years, they still receive a significantly smaller benefit than the active duty counterparts that they serve side by side with. They face a confusing array of options for educational benefits with various limitations and restrictions and in many cases can only use their benefits while they remain in the Selective Reserve, making it virtually impossible for them to use their earned benefits.

When we talk about the reintegration of returning servicemembers and the transition from military to civilian life, we must make certain we are looking out for all of our veterans, not simply those who served as part of the regular active duty military. It is long past time we stop treating our Guard and Reserve members as second-class soldiers and give them the reintegration services that they need and deserve.

Thank you.

MR. BOOZMAN. Thank you.

I am pleased that the former VA Secretary and Chairman of the

Commission, Anthony Principi, is here to testify with us. He has a unique perspective as a former VA Secretary and Chairman of the Commission.

Secretary Principi is accompanied by the Vice Chairman of the Commission Mr. Kim Wincup.

The Secretary, during the BRAC hearings, I had the opportunity to work with him on that. He has a son in the Air Force. Is he still at Little Rock Air Force Base?

MR. PRINCIPI. I am sorry, sir?

MR. BOOZMAN. Your son, is he still at Little Rock Air Force Base?

MR. PRINCIPI. He is.

MR. BOOZMAN. He has a son at Little Rock Air Force Base. And this young man, I think half of my staff fell in love with him when they met him, but we are very proud of him. Be sure and tell him, send him our best.

MR. PRINCIPI. I sure will, Mr. Chairman.

He just came back from Iraq, and he is back in Little Rock, and I think he is very very happy to be back at Little Rock. But I appreciate that, and I know he enjoyed very much meeting you and your staff.

MR. BOOZMAN. Well, tell him that we are very proud of him.

MR. PRINCIPI. Thank you very much, sir. Thank you.

STATEMENT OF THE HON. ANTHONY J. PRINCIPI, FORMER CHAIRMAN, CONGRESSIONAL COMMISSION ON SERVICEMEMBERS AND VETERANS TRANSITION ASSISTANCE, ESTABLISHED PURSUANT TO PUBLIC LAW 104-275, AND FORMER SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY THE HON. G. KIM WINCUP, D VETERANS TRANSITION ASSISTANCE, ESTABLISHED PURSUANT TO PUBLIC LAW 104-275

MR. PRINCIPI. Good afternoon, Mr. Chairman, Ranking Member Herseth, Congresswoman Hooley.

I am pleased to be joined by Vice Chairman Wincup and also Commissioner Jane, who served on the Commission, Commissioner Drach as well, and Bob Stein, who is our Executive Director; and I thank them for being here.

I also want to recognize Deputy Secretary Mansfield, who served as my deputy for much of my 4 years as Secretary and with such great, great dedication and loyalty; and I am very very pleased to see him here today as well.

I commend you, Mr. Chairman, Ranking Member Herseth, for convening today's hearing. Under your bipartisan leadership, this subcommittee has indeed established an enviable record of achievement over the last 2 years. With site hearings and markups, you have con-

vened no less than 12 public events with respect to the Montgomery GI Bill, an extraordinarily important statute, and other VA educational assistance programs and nine events focusing on the transition assistance program.

Further, an end-of-session and end-of-Congress public hearing like today's I think speaks volumes of your commitment to our men and women in uniform, our Nation's veterans, to your leadership and, of course, to that of your outstanding staffs as well. Vice Chairman Wincup and I earnestly thank you.

The ultimate measure of successful transition from military to civilian life is long-term, sustained employment. Fundamentally, employing veterans represents a good business decision because of their character, their commitment, their sense of teamwork, their resolve. Hiring veterans for patriotic reasons expresses appreciation and respect. Hiring veterans for business reasons indeed gets results.

Vice Chairman of General Motors, Bob Lutz, observed that veterans personify economic strength. Like you, Mr. Lutz sees veterans as a unique national resource and competitive business asset.

But we, as a Nation, have an urgent challenge before us. We need more Bob Lutzes. We need to do a much better job conveying to employers the value-added human capital and resourcefulness that veterans bring to our domestic economy and especially convey it to the human resource professionals who actually do the hirings in corporate America. If we don't do so, the unemployment rate for 20- to 24-year-old veterans may become even more unacceptable than it already is.

But this situation goes beyond unacceptable numbers. It is our obligation as a Nation to be part of what we might call a public trust with those who have served. We need to be there for them when they come home, because they lag 4 years beyond their nonveteran peers. Let's level the playing field in that regard simply by marketing veterans with employers, nothing more and nothing less.

My written statement makes seven recommendations in this regard. Let's mobilize the ample resources of Federal and State government, business and industry, the veterans' groups, the military associations and the media to get the job done.

Just as veterans personify economic strength, the Congress and this Committee personified strength of vision in creating the Commission on Servicemembers and Veterans Transition Assistance. None of us knew in 1997 of the magnitude of worldwide hostilities that lay ahead and the challenges the 1.5 million American soldiers, sailors, airmen, marines, and coastguardsmen would face in protecting the everyday freedoms of 300 million Americans.

Your leadership in forming the Commission led to the most comprehensive review of veterans' benefits and services since the 1956 Omar Bradley Commission. The Commission learned quickly that

the panoply of veterans' benefits was rooted in the Great Depression, the Great War, and the Great Society. Thanks to the wisdom and foresight of America's veterans and military organizations, we concluded, too, that we, as a Nation, had designed these programs for a different era, a different economy, a different society, a different technology, and indeed, a different veteran.

Just as Harry Colmery of the American Legion penned the first draft of the World War II GI Bill of Rights in longhand on Mayflower Hotel stationery at about this time in 1944, the veterans and military groups recommended to us a similarly bold, unfettered blueprint of ideas for the Commission's report. If the Commission's recommendations represented a solid foundation for congressional action, then this very Committee created strong pillars of opportunity for the 175,000 servicemembers who annually join our domestic economy. Indeed, the record shows that many such transition opportunities emerge from the rostrum of this subcommittee.

In Table I of my written statement, I highlight several of the Commission recommendations that, with your Senate counterparts, Congress has enacted into law, including the largest increase in the 21-year history of the Montgomery GI Bill. Many of those increases originated right here in this Committee:

A nationwide redesign of veterans' jobs placement service based on themes of accountability, flexibility, incentive, and results; creation of the first economic set-asides in Federal contracting for disabled veteran-owned businesses that the Association of Service Disabled Veterans and the Vietnam Veterans of America tell us were first proposed as far back as the White House Conference on Small Business in 1979; and the first major updating of VA's on-job training and apprenticeship program since World War II. Indeed, you have created economic initiatives that produced a new building of economic opportunity and reinforced all pillars that have stood the test of time.

Today's structure, however, needs design changes, occasioned by America's implicit commitment to those who wear the military uniform during a period of war and mobilization against insidious terrorist acts. The structure of economic opportunity urgently needs not an annex but a new centerpiece, an atrium if you will, formed from the bedrock of America's employers. They alone decide who gets hired, especially among the mid- and entry-level type positions veterans covet when they return home.

I urgently encourage the subcommittee to design a forward-looking, cost-effective package of initiatives to market veterans to employers, a nationwide campaign that penetrates the private sector with the uniqueness of the veteran brand. We owe it to each of those who have served, to employers, to our economy and to ourselves. Veterans deserve a full opportunity to participate in our economic system sustained by their service and, Mr. Chairman, Ranking Member

Herseth, Congresswoman Hooley, keep the interchangeable team intact while doing so.

Mr. Chairman, in my written statement I have paid tribute to the rich history of leadership personified by past chairmen on the Committee on Veterans' Affairs and also to Representative Lane Evans, who is retiring with an enviable record of legislative achievement.

In closing, I pay tribute to Congressman Chairman Steve Buyer. Chairman Buyer, too, has built durable pillars of strength on which I believe the Committee will build in the new Congress. He is now in the distinguished company of past chairmen who also were wartime veterans, including Tiger Teague, the late Sonny Montgomery, the late Bob Stump. I thank Mr. Buyer for his commitment and his record of service.

Thank you, Mr. Chairman. Ranking Member Herseth and Congresswoman Hooley. Mr. Wincup and I will be pleased to respond to your questions.

MR. BOOZMAN. Thank you very much.

[The statement of Anthony Principi appears on p. 39]

MR. BOOZMAN. In your testimony, I don't know whether to call you Mr. Secretary or Mr. Chairman or both, but you mention that the GI Bill is basically the only situation we have where there is a buy-in as far as being a part of the program. And talking about maybe doing away with that, those are the kind of things that we are going to be struggling with in the next Congress.

But when you do the numbers, if you did away with the buy-in, the $1,200, the figures I have heard, that that would translate to about $100 a month in benefit. So another way of looking at it would be to go ahead and continue the buy-in and increase the benefit and still spend the same amount of money.

Can you comment on that at all?

MR. PRINCIPI. Yes. Sure. I was part of the—I was in the Senate at the time. Mr. Wincup was in the House. We were both on the Armed Services Committee; and, of course, the Montgomery GI Bill originated here in the House. There was some resistance in the Senate to the first peacetime GI Bill; and the compromise, if I recall, was to have the $1,200 buy-in as a way to get the House and the Senate to come to agreement at about 4:00 in the morning in the dome of this Capitol in room 407. I will remember that night for as long as I live.

But I believe, too, that as the Honorable Chris Jane, who was commissioner, said at one point in time, University of Chicago educated economist, that the $1,200 was really nothing more than a tax. And given what we call upon our men and women to do today and around the world, not just in Iraq and Afghanistan but on the front tiers of freedom, perhaps it is time we look at doing away with it or, as you indicate, I think in the alternative to increase the benefit somehow to

make it more attractive.

You know, the Pell grants are a wonderful program, but a lot of people can get educational benefits in this country without having to serve—educational benefits without having to serve their country. So whether we—we certainly in the Commission recommended doing away with the $1,200 buy-in; and the alternative, as you indicate, perhaps increasing the benefit proportionately, I think would work as well.

MR. BOOZMAN. With all the sources of assistance available now—, we have got the Internet, we have TAP, outstationing of VA and DOL staff, unemployment benefits. You know, you have lived through this. You have a son that is serving now. Why do you think the transition now is so difficult or appears to be so difficult?

MR. PRINCIPI. Why the transition?

MR. BOOZMAN. Why the transition out of the service back into civilian life. It seems to be difficult right now, with overall unemployment low and, just a multitude of various options available to help in the transition.

MR. PRINCIPI. Well, I know it is still very difficult. When you look at the unemployment rate for 20- to 24-year-olds, you know clearly something is wrong; and we recommend that that be studied as to what is the true reason for that higher unemployment rate. I mean, I think it is about 10.8 percent for veterans between the age of 20-24, maybe 8 percent unemployment rate on average for nonveterans, so we simply need to do better.

You know, I have always believed that if employment is the door to a successful transition, then education is the key to that door. And whether it be a college education or on-the-job training, apprenticeship training, I think we just simply need to do more to outreach to veterans, to tell them of the programs that are available that are either paid by the VA or paid by the Department of Labor. We need to do a better job, perhaps re-establishing the Committee to outreach to employers to make them aware of the benefits of hiring veterans. So I think there is a lot that still needs to be done, especially given this wartime situation we are in.

MR. BOOZMAN. MS. HERSETH.

MS. HERSETH. Thank you, Mr. Secretary; and I do appreciate your point to the Committee about an opportunity to put together a package of initiatives and generate some ideas on how we can penetrate the private sector as effectively as possible for the benefit of our transitioning servicemembers.

Before I get to some questions there, I do want to piggyback onto the questions that the chairman posed as it relates to the importance of education benefits that also allude to Ms. Hooley's points in her opening statement about reservists and National Guardsmen and so the timing of the Commission that you chaired in your report and

some of the hearings that we have had that you made reference to as it relates to the importance of the Montgomery GI Bill and how we make sure it is working effectively for all of our servicemembers, whether they be active duty or in their Reserve and Guard components.

Could you elaborate on what your thoughts are in bringing the educational benefits for National Guard and reservists more in line with their active duty counterparts and what are your thoughts—this is something that we probed down in Arkansas when we had a field hearing there with one of the leaders of the Arkansas National Guard—on providing post-service educational benefits to activated reservists?

MR. PRINCIPI. Well, you know, I can't say enough about the role of the Selective Reserve and the Guard in today's all-volunteer force. It is just extraordinary to me what they do, how they do it, and their commitment. The benefit level really needs to be commensurate with that sacrifice, and I think there have been significant improvements in the benefit level for Guard and reservists.

I think there is more that can be done in perhaps increasing the benefit level, the educational benefit level. I think there should be a differential between the active force and the Reserve and Guard because of the—you know, you are on active duty for 4 years in the Guard and Reserve. And although you are called up to active duty much more often it is clearly not the same. So I think in order to encourage young men and women to go in the active force, we should have a little higher benefit level, but, clearly, more needs to be done in that regard.

Kim, do you have anything you would like to add?

MR. WINCUP. Congresswoman, I think your—both points are unique. We are asking something of the Guard and Reserve we have never done in the past in terms of the degree to which they are deploying, and they are about to redeploy in the second round of deployments that are under consideration so I think we are going to find stresses on those folks that we haven't really seen in any of our histories.

So I would agree with the Chairman strongly that some further consideration for benefits for them would be warranted, although you do need to keep some differentiation between them and the active force.

MS. HERSETH. I appreciate your thoughts. I don't think that we have seen either members of the Committee or some of the organizations that we all work with that help us represent our constituents while addressing this issue talking about doing away with the differential, but we have seen over time a smaller and smaller percentage, particularly as it relates to the buying power of that educational benefit because of what has happened at the Department of Defense

and the budget constraints in the last few years with OIF and OEF as well as prior to that.

I don't think that there is so much a strong recommendation to do away with the differential but rather, as we have attempted to do for those that have been activated for a certain period of time, that we increase that benefit under Chapter 1607.

I do think that we have a more difficult challenge here in making sure that those benefits should be allowed to be used by Guard and reservists in terms of post-service education. I think that the testimony that we have received thus far versus what we have heard from the Pentagon suggests that that isn't going to affect recruitment and retention as significantly as the Pentagon claims.

Do you think that it might be easier for us, assuming that we maintain a differential as you have both suggested, to deal with increasing the benefit for Guard and reservists if we were able to consolidate legislative jurisdiction over the Montgomery GI Bill into one Committee rather than two? As you know, we currently have jurisdiction over the active duty program and the Armed Services Committee has jurisdiction over the Selective Reserve program.

MR. PRINCIPI. Well, I think there sometimes is a disconnect between the two Committees and the level of benefits, and perhaps that consolidation is something that should be looked at and studied.

Again, I applaud this Committee for what they have done. I remember when I started as Secretary back in 2001, the benefit level under the GI Bill was 500 and maybe 50 or 80 dollars a month. And over a 4 to 5-year period during my tenure, I believe it is now over a thousand dollars a month, and I believe the Guard and Reserve benefit has gone up substantially as well.

So you have made extraordinary progress in a relatively short period of time, making it possible for men and women to go to school. I mean, it is just as simple as that.

I have always been a believer in the World War II GI Bill. If there is one benefit that I have always thought should be carried over into the 21st century as the greatest legislative benefit ever legislated by the United States Congress, that is the World War II GI Bill. An individual limited only by aspirations and ability can go to any school in America. The greatness of America can be found in the men and women who went to school under the GI Bill after World War II, and I think that is an investment that is worth making for the men and women who are doing extraordinary things today. I think it is great for them, it is great for our Nation.

MR. WINCUP. May I just chime in?

As former Staff Director of the House Armed Services Committee, I am—I guess I am not without history in this regard, but I remember the same dialogue that my chairman does. And, frankly, having two Committees to bring that along—it was not an easy piece of legisla-

tion to get enacted initially, and having two Committees and having a broader base for it at that point in time made a lot of difference.

Ms. Herseth. Along the lines of what you both have just said, I think you would find broad agreement among the Committee and many of our colleagues about the investment in the benefits and what the Montgomery GI Bill has been and can be and can continue to be, but I think we can build on it further. While I appreciate the comments that we have done a lot to help the Guard and Reserve, I still have a concern.

When you talk about a marketing strategy, of marketing our veterans to the private sector, we have to make sure that whatever we do and authorize to improve education benefits is marketed to the servicemembers. I don't think the Chapter 1607 benefits have necessarily all the information that should have been given to Guard and reservists to take advantage of that, has been effectively given to them.

I do think that if it had been administered differently—I just think we have to look at marketing in two respects here, not just to the employers but to the beneficiaries, whether it is the employment opportunity or the education benefits. Do you have thoughts on this?

Mr. Principi. If I could, absolutely, Congresswoman. It is far different coming back to a military base. You know, you demobilize, go through programs. When you come back as a reservist or Guard, you go back to your community, and sometimes you don't get the information you need, know about the benefits available.

So I agree with—I agree. Marketing education, making sure they have that information is important. I know the VA is doing—has worked hard at it. I am not saying they are there yet or we are there yet, but improvements have been made. I think we still have a way to go.

Ms. Herseth. And I would agree. I think there is an element of interagency cooperation that is necessary here as well, given the current construct of how we are authorizing and then implementing the new legislation.

One last question, and certainly we don't have the development and the—what is the word I am looking for—from one generation from another the last time there had been a Commission. I believe you mentioned 56 to the Commission that you chaired, talking about how it is a different era, different veteran, different technology, different economy. We don't have that same level of disconnect today from the late 1990s to 2007.

However, in light of the fact that we weren't at war at that time and looking at the increased mission tempo for Guard and Reserve as well as other factors, do you think it is time for Congress to authorize a new Commission on Servicemembers and Veterans Transition Assistance? Or do we have plenty to continue to work from based on

your work?

MR. PRINCIPI. Well, the last Commission was 1997. We are almost at the 10-year point. We are in war. Different needs have been identified, not only on the benefit side of the House but the healthcare side of the House. It might be time in the next Congress to look at convening another Commission to take a look at the benefit structure see if it is the right one for the times.

You know, I am very proud that—you know, you never know with the work of the Commission what is going to happen, but we were very fortunate to see Congress embrace the Commission recommendations for the most part, and it is not a report that gathered dust on some shelf and just consumed money and nothing ever happened. What I think makes all of us commissioners so proud is that the Congress took up these issues, and they legislated, and veterans in our society are better off for it. So I think perhaps next Congress you might want to look at that.

MS. HERSETH. I appreciate that; and I will yield back. Chairman Boozman and I wondered if you would be interested in chairing another Commission.

MR. PRINCIPI. As long as it is not BRAC.

MR. BOOZMAN. Ms. Hooley.

MS. HOOLEY. Secretary Principi, first of all, I just want to thank you for chairing BRAC and for all of your time that you have put in and service to the country and for all of the work that you have done. You have just done a terrific job. So I appreciate your public service over a number of years in a number of different roles. So thank you for that.

MR. PRINCIPI. Thank you.

MS. HOOLEY. And I am going to follow up on some of the things that Representative Herseth talked about. Times have changed so much and who knew that we were going to have Guard and Reserve deployed and redeployed and redeployed and some of them are on their fourth time over there, some are on their third time, some are on their second time. And as we look at benefits—

And I agree with you. I think one of the greatest things this country ever did was the GI Bill. It really was the making of a new America and how many new universities sprung up because of the GI Bill and what wonderful opportunities they gave to people. As we look at making sure that our veterans are employed, it is sometimes difficult to employ some of the veterans if they don't have the educational background. I mean they really work hand in hand.

There are a couple of questions I have.

One is, do we need to look at the cost of college and the cost of tuition. It has gone up much higher than the cost of living, and how often should we readjust that?

Again, looking at Guard and Reserve in a different light, based on

what is happening today, do we need to look at those benefits?

One of my constituents called with a really interesting story about her son who had had some problems after he got out of the military, who had some addictions, sort of struggled with life in general. And when he finally got his act together and decided to go back to school and really knew what he wanted, his benefits had run out because it had been 10 years. So they were exhausted.

First of all, do you know the percentage of people that decided to pay the $1,200 into the program so they get educational benefits? And should there be a time limit?

I would like to know why there is a time limit and should we continue that time limit?

This is sort of a question to anybody in the room that wants to answer this. When you have two different jurisdictions over the same issue when talking about veterans—even if we don't change those jurisdictions, does it make sense to have sort of a joint Committee that works just on this issue—could we take some members from this Committee and some members from the Armed Services to work specifically on this issue.

And I don't care where you want to start.

Mr. Principi. Well, thank you, Congressman Hooley, for your kind words.

I want to say 97 percent of—I mean, a very, very high percentage of men and women who join our military are automatically opted into the GI Bill program. I believe—Kim, am I right—you have to opt out of it. When you join, you are automatically enrolled, but you have the option to say I don't want to go to school. I want the $1,200 a month. So it is very, very high, which is very, very good news.

Unfortunately—at least I know the VA folks are here, and they know better the percentage—but at one point in time during my tenure I was surprised to learn that less than 50 percent were availing themselves of the GI Bill, which—you know, 97 percent opt in, less than 50 percent use their benefit. I am sure there are lots of reasons for that, and perhaps that 10-year delimiting date might have something to do with it.

Historically, there has always been a 10-year time period on using your GI Bill. I believe the Committee should look at that. Maybe it is time to say it should be 15 years or 20 years or there should be no time period. It is a readjustment benefit, so I guess one might say after 10 years it is really no longer a readjustment benefit, but the GI Bill has always been considered that.

I also think the Committee should look carefully at, you know, college education is not for everyone; and there are a lot of other wonderful programs that they should avail themselves of: on-the-job training, apprenticeship training, you know, different—technology. You know, these young men and women are so computer savvy. There are

a lot of schools they can attend, whether it be a Microsoft school or, you know, whatever it might be. I think you should look at some of the different ways that we can embrace different types of education.

So I think all of those—and as far as the survey as to the inflation rate in academia, I think every Congress there should be some survey done as to is the GI Bill benefit keeping pace with the inflation in education? And for the longest time it was not until you have done so in the past 4 years.

MS. HOOLEY. Right. Thank you.

MR. BOOZMAN. Thank you.

In kind of looking at how things are going right now, the DVOPS/LVER system, do you feel that it has run its course? Is it outmoded at the present time? Do we need to look at maybe some changes in that area?

MR. PRINCIPI. Well, I haven't kept pace with it recently. I know Secretary Ciccolella is here. He can certainly speak to the issue.

I recall that when our Commission was in session we were very, very concerned with the program to assist—the Department of Labor to assist veterans in getting good jobs. Unfortunately, there was really no accountability. There was no incentive for success, and there was no penalty for failure, and I believe that the DVOPs and LEVRs were caught in a bad system.

I think some of the legislation that has been passed in recent years has helped to correct that, and that is demonstrated in the higher percentage of veterans who are registered at the Department of Labor job placement centers have obtained employment. So I believe that progress is being made, but, again, it was really alarming to us back in 1997, 1998, 1999, the poor record of performance in terms of veterans' employment.

MR. WINCUP. Mr. Chairman, I don't have anything to add to that. Thank you.

MR. BOOZMAN. Do you all have any other questions? Good.

MS. HOOLEY. I have.

MR. BOOZMAN. Go ahead, Ms. Hooley.

MS. HOOLEY. This is, hopefully, a shorter question.

As we look—this is what I have heard and I would like to know—it is like a lot of things you hear. You don't know how true it is or how much basis of fact there is. We do know that a lot of our men and women are coming back from Iraq and Afghanistan with some mental health issues, and I think most people would acknowledge that is true. What I had heard is that there are some employers, even though they may be breaking the law, that are worried about hiring some of our soldiers returning for that reason.

First of all, is that true? And, secondly, how do we enforce the law? And, third, how do we make sure that people are assured that we are working with the soldiers and we are taking care of these issues

and this isn't something that employers should be terribly concerned about? This is a touchy subject to bring up, but I think it is important that we talk about it.

MR. PRINCIPI. I think it is a very important issue, considering the nature of this war, insurgency warfare in a way much like Vietnam, different setting but, nonetheless, a lot of post-traumatic stress. So I think the basis of your question is correct, that some employers are probably discriminating against these young men and women because of perhaps perceived mental illness.

As far as enforcing the law, it clearly needs to fall upon—I think the Congress can play a role and State governments can play a role, but certainly I believe that during my tenure—and I just know certainly under Secretary Nicholson and, of course, Deputy Secretary Mansfield who fought bravely in Vietnam that the VA is doing as much as it possibly can to help those with PTSD and other mentally related problems with all the help they can get.

I am just very proud of the VA, of what they have done. I am not saying they are perfect, but I think they have done an extraordinary job and also trying to break down the barriers between DOD and VA and bring the two agencies closer together so that there is a continuum of care when they are transitioning out. It is far better than it was certainly when I left active duty.

And your thoughts, Kim?

MR. WINCUP. Congresswoman, I am in the private sector and have been for the last 12 years since I left the Federal Government and I have not heard that, to be honest with you. I have heard—from all I can tell, people are anxious to find veterans for much the same reason we have talked about.

MS. HOOLEY. I have heard both. Certainly, we have a lot of employers, and in one of my counties, we have a great program. Actually, one of the counties is doing it for the whole State, where we are advertising, talking about USERRA, talking about our soldiers, what wonderful employees they are and I have tried to set an example by hiring them in my office. I think a lot of employers want to hire veterans and do so, but I also have heard this other little piece sort of buzzing around, and I just wanted to know if there was any—I am sure for maybe a few, that is true, but I guess what I would like to know, is that prevalent? Or is that just an occasional employer outlook?

MR. WINCUP. I must say that there is something happening. Because you look at these statistics, and they are disturbing. The unemployment rate is higher than it should be. It is higher than the average, and it isn't better than it was. When over the last 4, 5 years since we looked at it, it hasn't improved much. So there is something happening that I can't account for, but it seems counterintuitive.

MS. HERSETH. I would just add one final point to that then, that perhaps if indeed the Committee chose to pursue authorization of a

new Commission that this would be an area that we would specifically request evaluation as it relates to the enforcement of USERRA and how best to do that, and if there is something that we can get at that addresses that anomaly.

MR. BOOZMAN. I agree with both of you. I think this is something, hopefully, we will be able to look at in the next Congress. And I am lobbying a little bit. I think having the Economic Opportunity Subcommittee has been helpful.

Because in the past when you are lumped with all of the other benefit for veterans, so much of the time is spent putting out fires, that we really have had the opportunity to look at some things that maybe are being brushed over in the past because they are more long-range things like employment and training. Again, that is something that is going to have to be decided, the framework of the Committee in the future, but, hopefully, we will keep the subcommittee.

Thank you all so much for coming. Thank you, Mr. Wincup, for all that you have done.

You mentioned, Mr. Secretary, some really some great people, Sonny Montgomery, Bob Stump, those individuals, and certainly you are in that class, and we appreciate all you have done for veterans, all you continue to do for veterans, and thank you very very much.

MR. PRINCIPI. Thank you very much.

MR. BOOZMAN. Let's have the next panel, please.

Today, we are really pleased to have Deputy Secretary of Veterans' Affairs, The Honorable Gordon Mansfield. He will be presenting testimony for VA. Assistant Secretary of Labor for Veterans Employment and Training Charles Ciccolella will review the Department of Labor's progress; and, finally, the Deputy Under Secretary for Military Community and Family Policy, Ms. Leslye Arsht, will speak on behalf of the Department of Defense.

We appreciate you all being here.

MR. BOOZMAN. You want to start, Gordon?

STATEMENTS OF THE HON. GORDON H. MANSFIELD, DEPUTY SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS; HON. CHARLES S. CICCOLELLA, ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR; AND LESLYE A. ARSHT, DEPUTY UNDER SECRETARY FOR MILITARY COMMUNITY AND FAMILY POLICY, U.S. DEPARTMENT OF DEFENSE

STATEMENT OF THE HON. GORDON H. MANSFIELD

MR. MANSFIELD. Yes, sir, Mr. Chairman.

Mr. Chairman, Ms. Herseth and Ms. Hooley, I want to thank you

for this opportunity to come talk to you about this issue of importance to the Department of Veterans Affairs. I would ask that my written statement be entered into the full record.

This hearing is about the recommendations made in 1999 by the Transition Commission, headed, as we have just heard by former VA Secretary Principi; and how the VA has responded to these recommendations. VA has implemented many of the Commission's recommendations, as discussed fully in my statement for the record.

I would make the point here, too, that many of those recommendations were followed up with action by this Subcommittee, this Committee, and the action by the Congress to put new statutes in place. The VA has made every attempt to fulfill the requirements, and I would just add my thanks to the bipartisan effort that has gone forward in this important area.

This hearing, though, is about the way forward. How do we, as a Federal Government, respond to the employment needs of our veterans, a talented and motivated workforce?

Secretary Nicholson seized on this issue when he became the leader of the organization nearly 2 years ago. He has participated or directed VA leaders in discussions with the National Guard Bureau, the National Governors Association, and with major employers to find ways to get veterans work. He has also made inroads with his Cabinet colleagues, encouraging them to consider employing veterans in their agencies.

It may be said that his efforts and those of others such as Secretary Principi have paid off. In fiscal year '05, veterans held 25 percent of all Federal jobs, increasing to 456,254 out of a 1.8 million workforce and of which approximately 92,000 were disabled veterans employed in Federal positions.

Let me stress that Federal agencies share in the responsibility of serving veterans. No one agency, as we know, has exclusive jurisdiction over these issues. Veterans, their families and our country will benefit from our ability to work collaboratively. Whereby, as noted in the Commission documents, the lines delimiting organizational jurisdiction and authority should be invisible to the service member or veteran crossing them. That is a valuable insight from the Principi Commission.

The Commission voiced concern 8 years ago in the disparity for unemployment rates for young, recently separated veterans compared to their peers and veterans in general. This continues today and is a major issue of concern to VA. The high rate of unemployment for young, recently separated veterans is unacceptable, particularly now when it is they who have defended our country in the war on terror. I can assure you that we are focused on this cohort of veterans, be they active duty or be they Guard or Reserve members, returning from their deployments.

Since the Commission's report, profound changes have occurred in the Nation. Naturally, much of the focus on today's military needs are on exiting servicemembers who are both young and who have seen multiple tours of duty in an active combat zone. We know enhanced Web-based technology give veterans access to a vast array of information. It also allows for seamless connections between government agencies which should enable us to more easily provide services at a distance.

The changing economy, with significant career growth in high-tech and service sectors and a more mobile workforce, creates added opportunities for transitioning veterans but also makes traditional service delivery more difficult.

In the report in 1999, the Commission wisely used as a guiding principle the goal that each individual servicemember and veteran should have as much control as possible over decisions affecting his or her life. VA continues to seek ways to help veterans to make informed decisions with this principle in place. There are ways the VA can address the issues of separation, of career transition and reintegration into civilian society. The Federal role includes proper health screening to identify issues that may inhibit full employment.

Recent research documents indicate that unemployment and underemployment can be negative external stresses that impede recovery from PTSD, issues talked about here earlier, and may even trigger delayed onset. For those with severe combat injuries, VA and DOD have a very successful model—VA's Office of Seamless Transition and DOD's Severely Injured Center—for ensuring that severely injured servicemembers, veterans and their families are fully and effectively supported on their path to successful reintegration into society.

We must ensure the earned and needed benefits are provided as timely as possible to achieve maximum utilization by veterans. The several months prior to separation and the first year after separation, we believe, are critical to successful reintegration.

We must also understand employment barriers. The VA, Department of Labor and DOD are working collaboratively with your staffs on designing and conducting a study in an attempt to find out why young, recently separated veterans are suffering disproportionate unemployment; and then we must meet younger veterans' needs with tailored support during that critical transition period for successful reintegrations.

Mr. Chairman and members of the Subcommittee, I know that we can help veterans complete a timely reintegration using the advantages of new technologies and new approaches that have evolved in the 8 years since the Commission's work. I want to make the point, also, that we are looking for not just a job for this individual coming out, we are looking for a career, a career of work that will permit

that veteran and their current or future family to be able to live the American dream. So we want to make sure that it isn't just a job, but it has potential built into it.

I will continue to work with the others at this tabl,e as well as the hundreds of private companies like Home Depot and Wal-Mart who have stepped forward anxious to put skilled veterans on their payrolls. I look forward to your questions.

MR. BOOZMAN. Thank you very much.

[The statement of Gordon H. Mansfield appears on p. 69]

MR. BOOZMAN. Thank you very much.

Mr. Ciccolella.

STATEMENT OF THE HON. CHARLES S. CICCOLELLA

MR. CICCOLELLA. Thank you, Mr. Chairman, and Ranking Member Herseth, and MS. HOOLEY. I want to thank you for holding this hearing. I think it is a very, very important hearing. And I think the timing could not be better. So I thank you for that.

It is an honor to appear on the panel with Secretary Mansfield and Deputy Undersecretary Arsht. So I thank you for the opportunity to present our views and where we think we are on the Commission's recommendations.

The Commission performed a very valuable service in identifying the problems with transition for servicemembers and how they come into employment opportunities. The Commission made some very good proposals for improving the outcomes. Specifically, the Commission was concerned, and I think duly so, with the unacceptable employment rates for newly separated veterans; performance standards of the Veterans Employment and Training Service (VETS); and poor accountability of veteran employment programs in general.

The Commission recommended replacing these programs with restructured services establishing priorities, marketing of veterans, and introducing competition to ensure that the outcomes were acceptable.

As requested by the Committee, my written statement responds to each of the 21, I think, recommendations of the Commission with specifics. So what I would like to do is focus my oral testimony on where we are today with regard to our employment programs and what we are doing to improve employment opportunities for veterans.

Probably the most significant outcome of the Transition Commission was the Jobs For Veterans Act, Public Law 107-288, because that law transformed the way veteran employment services are delivered by establishing a priority of service to veterans for all Department of Labor funded programs at job centers around the country. The law also changed the funding formula so that money goes to where

the veterans are, it delineated the roles of the veteran employment representatives, and this was extremely important; and it focused employment services on veterans who need those services the most; and of course, there was the incentive awards, which has worked very well in some States, I think many States, and in others, we are still struggling a little bit.

The Commission noted that, in 1997, only 12 percent of veterans who registered with the employment service obtained permanent employment. At the time of that report, entered employment rate and entered employment placement rates, which was how we were measuring them, averaged 20 to 30 percent across the States. Some States reported even lower numbers. Today, the entered employment rates for all veterans is 61 percent nationally. That is through America's publicly funded work force system, with many States reporting higher rates. More significantly, we have talked about the unemployment rate of young veterans 20 to 24 years old who are also, in most cases, probably all recently separated. And those seem to be coming down now from the peak last year of almost 16 percent, and we expect that 2007 rate to be somewhere between 10 and 12 percent. That rate is still unacceptable.

But what we tried to do is find out more about why that rate is high, and we found out some things, and some things we still don't know. But that is why the Department of Labor, as Secretary Mansfield has indicated, are collaborating on research that will help us better understand all of the reasons why these young veterans have higher unemployment rates. For example, the VA, in collaboration with us at the Labor Department and with the Defense Department, are surveying a large sample of veterans, about 2,000 of them, to determine why it takes so long to get their jobs. There will be a comparison there with the Reserve components and the active duty folks. And at the Department of Labor, we are working with the University of Chicago right now to look at some longitudinal data. That is data that obviously we get by questioning a specific cohort until 1997 about their employment opportunities and outcomes over the length of their employment lives.

What that research is telling us is that when young veterans first get out of the military, their unemployment rates are high up in the 30 percent range; 3 months later, they are down in the 20s; 6 months later, they are down in the teens; and 9 months later, they are generally 4 to 6 percent, which is about the Nation's—about the national average.

So it is telling us a number of things, that while unemployment rates were high when they first get out, that veterans may be taking their time in getting their first jobs. But that is not the whole story, because we still have veterans out there who are looking for jobs, and we have veterans who are out of the labor force, and if we are only

placing six out of ten veterans through the work force system, then we need to be looking at what happens to the other four, and we also need to be looking at what happens to those veterans who are out of the labor force. Now, if they are in school or if they are in training, that is fine. If they are struggling to find a job, then we need to try to find them.

Our performance standards for vets are established at national level. And individual standards are negotiated at each State. We have established a performance accountability system. We receive quarterly reports of performance, and certainly we have provided those to the Committee in the past. We have also reported the—or incorporated the common measures which are the measures across government which—for all employment programs, for our employment programs.

Public Law 107-288, which is the Jobs For Veterans Act, established a first-in-line priority for veterans in America's work force system, first-in-line for employment assistance, counseling, training and job placement. The Department of Labor has embraced that; we have implemented the priority. We believe that veteran participation rates in all of the programs that the Department of Labor funds or partially funds are representative of the numbers of veterans in the labor force.

I would like to say a couple words about interagency cooperation with the Department of Veteran Affairs, Department of Defense. Because I don't think in the history of—certainly not since I have been here and probably a long time before that—I don't think interagency cooperation has ever been better. We have signed memorandums of understanding on TAP with the Department of Defense, Homeland Security and VA. We have signed MOUs, memorandums of understanding, with the Department of Veteran Affairs, their vocational rehabilitation and employment service. We have agreements with Department of Defense with their employers supporting the Guard and Reserves because they are our partners in enforcing USERRA. We have agreements with Department of Justice and Office of Special Counsel to actively enforce and take these issues to court if we have to. And we have a memorandum of agreement with Walter Reed Army Medical Center. We are starting agreements with the other medical centers on our REAL Life Lines Programs. Now the REAL Life Lines Program, of course, is the Department's new program that is dedicated to providing individualized job training, counseling and re-employment services to our wounded servicemembers. I might add that, just 2 months ago, we held the first national wounded and injured veterans summit in Alabama. We chair an interagency Committee on TAP. We also participate in work groups with the Department of Defense on credentialing and military spouse employment. We work with vocational rehabilitation and employment services

in three work groups to improve accountability and improve performance and outcomes with the chapter 31 participants. Finally, we participate on the VA advisory Committees on homeless veterans, minority veterans and, of course, women veterans.

The Commission recommended marketing veterans to employers, and the President's National Hire Veterans Committee, initially established under the Jobs for Veterans, has done just that by establishing a national campaign for educating employers on the high value that veterans bring to the work force. Thousands of senior executives and companies corporate offices, employers and employer support organizations have been provided valuable input or they provided valuable input. Also, they received valuable training in how to establish strategies for reaching out and hiring veterans. The Committee has sunset, and that is one of the subjects of this Committee with regard to whether or not we reestablish the President's National Hire Veterans Committee, I will just tell you that, so far, we have 47 Governors who have signed proclamations for Hire Vets' first months, designating those months, and we are now in to cosponsoring and cobranding job fairs. And the Department of Defense is doing this as well for disabled veterans. These job fairs are extraordinarily important because they bring such visibility to the value that veterans bring to the work force. And smart employers today, as Secretary Principi said, are turning to the military for their new hires. We are committed to reintegrating veterans into the work force—and we do that in 3 ways. Mr. Chairman, first we do that through the American work force system by providing the priority of service in all the 3,400/3,500 job centers around the country where we also have the specialized services of the veteran employment representatives.

Secondly, we continually stand up for veterans when they don't get their jobs back after coming back from their active duty. We work closely with the Department of Defense, the ESGR, or Employer Support of the Guard and Reserve, to make sure servicemembers are briefed before and after they leave service. We produce rules for USERRA law, which makes that law understandable almost instantly. And that law is working much better today.

The third and probably most important way we reintegrate veterans is by providing quality transition assistance for separating servicemembers of the military. We believe that TAP employment workshop is essential for military members, both active duty and Guard and Reserve, in order to smoothly transition them to their civilian occupations. And we are improving that workshop. When you look at the issues that veterans have when they come out of the service, and this is fairly consistent; it was the same for me as it is for veterans leaving today. It is the same for 4-star generals as it is for young corporals. It has to do with their ability to translate their skills, their experience and their training on to a resume, because you just don't

write resumes in the military. And when they do get out, it is generally the first time they have done a resume. Military members don't always interview well because they don't do that in the military either. Their jobs are generally assigned. We are working to improve the TAP workshop so servicemembers leave the TAP workshop with a resume and with mock interviews so they have had that experience, and when they go for a job, it is not the first time that they have done a resume or an interview.

And finally, we will begin linking servicemembers in the transition workshop with their one-stop career centers so that they know where those centers are; they have been up on a State job board, and they know that there is a publicly funded work force system that will help us.

Mr. Chairman, today's military are all volunteers. They are highly motivated. They are highly educated. This is probably the best military this country has ever seen. We take our responsibilities very, very seriously to serving them. There is no more deserving or valuable group than our Nation's servicemembers and our veterans. I want to thank you very much for holding this hearing, and I will be pleased to answer your questions.

[The statement of Mr. Ciccolella appears on p. 81]

MR. BOOZMAN. Thank you very much.

Ms. Arsht.

STATEMENT OF MS. LESLYE ARSHT

MS. ARSHT. Chairman Boozman, Congressman Herseth, Ms. Hooley, thank you for the opportunity to be here today to discuss the Department of Defense transition assistance program that we call TAP.

Mr. Chairman, you mentioned President Roosevelt's famous proclamation for this date, but an equally renowned legacy is that the servicemembers of that generation stood up to the challenges of that time, and their descendents are doing the same today as they safeguard our Nation's freedom.

As a nation, we require a great deal from our Armed Forces, and I want to reaffirm the Department's commitment to our separating servicemembers.

I am impressed, as you already heard from my colleagues, by the dedication and willingness of our Federal partners to help provide an assortment of highly desirable transition services. The cooperation and support we receive from the Department of Veteran Affairs and the Department of Labor is superb. You can be truly proud of the manner in which they, the military services as well as private veteran service organizations, continue to enthusiastically support our veterans. Thank you, too, for the continued interest and support of

this subcommittee.

I want to provide an update to the Department's implementation of the recommendations that were submitted in response to the 1999 report of the Congressional Commission on Servicemembers and Veterans Transition Assistance. Also, since the Commission's recommendations were made some years ago, and the world has changed considerably in the interim, I will also address some other new exciting TAP initiatives.

Since the report, much has been accomplished. The Montgomery GI Bill maximum monthly allotment for active duty servicemembers was $528 a month in October of 1998. Today that allotment is $1,075. The National Defense Authorization Act for Fiscal Year 2000 authorizes service secretaries to offer the GIB transferability to dependents of servicemembers who reenlist or extend enlistment in critical skill areas. The Army has implemented a pilot program that allows transferability for the GI Bill for spouses of regular Army enlisted personnel.

Under the National Defense Authorization Act for Fiscal Year 2005, TRICARE eligibility was permanently extended to 180 days. The Department supported and has implemented the Commission's recommendation to make the verification of military experience and training, the VMET document, which is DD form 2586, available to eligible members through a VMET internet site which is available 24/7. The VMET is used by servicemembers to develop resumes and acquire college credits based on their military training and experience. Since January 2003, over a million documents has been provided to current and for former servicemembers. In response to the Commission's concerns about credentialing, it relates to military occupational specialties and ratings, DOD and the Department of Labor has established a credentialing working group that is working to remove the credentialing barriers that some veterans and transitioning members face today. The Army in 2002 created a Credentialing Opportunity On-Line or Army COOL. A robust Web site that helps soldiers work towards civilian credentialing related to their military occupational specialty. This year, the Navy followed with Navy COOL.

I now want to address some of the other TAP initiatives. We are making dramatic improvements to the Transitional Assistance Program to better meet the needs of our Reserve components. DOD, with the assistance of the Department of Labor and the Veterans Affairs Department, is designing a dynamic automated Web based system for delivery of transition assistance and related information. This portal, which we have nicknamed Turbo TAP, will be the backbone of an updated DOD TAP process that will enable servicemembers to access crucial information any time, anywhere. Phase I of Turbo TAP will be the release of a new transition guide for the Guard and Re-

serve and an updated preseparation guide for active duty members. In Phase II, we will stand up the critical employment hub for Turbo TAP, which will connect them to the resources they need to find their job and their career. In subsequent phases, new elements of Turbo TAP delivered by the Department of Defense, Department of Labor, and DVA will be brought on line.

I want to mention a few other collaborative efforts with our partners at Labor and VA that address some of the issues that are of interest to this Committee. The Department of Defense and VA established three important interagency councils. The Joint Executive Council, Health Executive Council, and the Benefits Executive Council, to establish a form of collaborative activities and initiatives relating to policy, coordinated health care and the sharing of benefits information.

We also have the TAP Steering Committee with representatives from DOD, the military services, VA, Department of Labor, and the Department of Homeland Security, which includes the U.S. Coast Guard. DOD also serves as an ex-officio non-voting member of the Department of Labor Advisory Committee on Veterans Employment Training and Employer Outreach.

In conclusion, Mr. Chairman, on behalf of the men and women in the military today and their families, thank you and the members of this subcommittee for your steadfast support during these demanding times. Thank you.

[The statement of Ms. Arsht appears on p. 92]

MR. BOOZMAN. Thank you very much. I appreciate the testimony from everyone.

We have really spent a lot of time on the TAP program in the last 2 years and have actually visited sites on various occasions, had breakout visits with people going through the program, have sat through the program for several hours. And I will tell you, I was very, very impressed. I think the program is a great program. One of the concerns that I have is where are we with funding of TAP? Where is it available? Where is it not? What are the problems of accessing the funds? When we were in Europe, there was concern that there was not adequate coverage throughout the European theater. Can you all comment and tell us, reassure us or tell us what your needs are?

But comment about, if you have adequate resources for TAP. I do want to compliment you. Personally, I feel like that we are on track. I think it is a great program. I think we really are moving in the right direction and after sitting through the breakout sessions, listening to the people who have gone through TAP the only criticism I would have is, I think that servicemembers and their families throughout their career need to be exposed to the TAP program every few years to understand what is going on and how they need to be training

themselves. I think it is a great recruiting tool for staying in the service once they understand their benefits that they are getting, and then allowing them to train themselves in different areas that look like they are going to be booming 5 years from when they get out or 10 years or whatever their time frame may be.

Who wants to tackle that for me?

MR. CICCOLELLA. I agree with you wholeheartedly on everything you said. Let me see if I can get to all of your points. It wouldn't be a bad idea for servicemembers to have the opportunity to come back to TAP, and the transition portal that we will provide I think is a means of doing that. And we do that because there is eligibility for people who are retired so they can come back. But first thing we got to do is we have got to get every servicemember to TAP before they leave the service. If they desire to get it—it is a voluntary program—but if they desire to go, we have have to get them to TAP and in that regard, the Defense Department is working very, very closely with us to make sure that if those servicemembers check that they need transition assistance on their preseparation counseling, that their commanders know that they are supposed to go to TAP.

You are absolutely right on the point of the value of TAP and expanding TAP overseas. I thought this was a very visionary move by this Committee who dictated that we do this, and it was a very smart move.

Now what are the problems? You have been over there. We are giving it now in 49 locations in 8 countries. We haven't got Spain. And as a matter of fact, I think DOD may still be doing TAP over in Spain not DOL. So we have got to get into Spain. We have a little problem there and a problem in Italy because the Italians have a very stringent status of forces agreement, which makes it difficult for Americans to work. So we do TAP in Italy with a Federal staff member on a temporary basis. So I have a Federal staff person who is over there on 3-month or 6-month tours, the GS-13 who gives the TAP. In the rest of Europe and the Far East, we are generally doing it with a very good contractor, and that contractor is hiring military retirees, smart military retirees who have experience in the military and civilian life and military spouses who are absolutely superb at presenting that TAP, as I am sure you observed.

So I think we are doing a good job. We are not getting everybody. We still have some expansion to do. And we have to do that consistent with the Department of Defense, and we work on that absolutely every day and we get pretty good cooperation from Defense.

MR. MANSFIELD. I would just affirm that and make the point that, as Secretary Ciccolella mentioned in his testimony, I think we are working more collaboratively then we ever have in the past. I think we have also learned with my experience in Cochairing the JEC, the Joint Executive Committee, that we do have an opportunity to dis-

cuss a lot more and understand a lot more. And one of the things I understand now is that, on the DOD side—stick with me here—on the DOD side, when you are talking about transition, that to them it means transition out, and they are in the business of trying to keep people. So when we get into some of these issues, we have to be able to balance those differing requirements and make sure that we understand what the nuances are. But I think, even given that we are doing a lot better job than we have in the past, and I think we are increasing exposure and continuing to move forward. So it is better than it was, not at a hundred percent, but moving towards, with general agreement, on how we need to do that.

MS. ARSHT. Thank you, gentlemen. I do think we are working really hard on this. As you all know, the pre-separation counseling is mandatory, and everyone does take that. One of the things that we are always looking at are total force issues. There are differences among servicemembers about the services that they need. And some know exactly where they will go; they are going back to the jobs they had before. This is particularly true of Guard and Reserve. Some already have new jobs that they are going to. Others want to go to school. And what we are talking about now and working in collaboration with Department of Labor and VA and internally, is that when a servicemember expresses a desire to participate in the Department of Labor or VA benefits part of TAP, that the commander knows that he or she should release them to do that.

And so we share a commitment to this, and we do think that the transition into civilian life is very challenging for some people, and we want to make it as easy for them as it can be.

We do think that the new portal is going to address many issues, especially for Guard and Reserve. I mean, as I travel around installations, Guard and Reserve members tell us they want to go home when they are demobilized. And we think that this online 24/7 access is going to allow them to go home and get settled; then when they start to think about the future they can get online with TAP, when they are ready to receive it. By then, they are resettled and back in the embrace of their communities and continue to give support that they want once they have returned home.

MR. BOOZMAN. Very good. You know, Secretary Principi was talking about the unemployment rate. We are all very concerned about the unemployment rate. So if you have got a strong program this way that everybody can participate in, then that is one of the first tools that we have got to work with. And not only is the unemployment rate so important in that sense, if we can provide individuals with the ability to support their families, take care of themselves, then the VA has so much less a problem down the line. We will save money. I know the President is concerned about veterans' employment, I know the current Secretary is very concerned. In his visit with us the Sec-

retary stated personally that this is something that he wants to deal with. I think this is the basic building block that we start with. And the good news is, from what I have seen, an excellent job is being done. We just need to make sure that everybody is able to participate and do it.

Ms. Herseth.

MS. HERSETH. Thank you for all of your testimony.

Mr. Ciccolella, you just mentioned in response to the Chairman's question, the points he was making, we really need to try to get every servicemember through TAP. What is the rate of participation in TAP currently? Do we have a good way of evaluating it currently? Do you have the current rate of participation in TAP?

MR. CICCOLELLA. Under Secretary Arsht has the numbers of the people who leave the service in her testimony. From our point of view, it is—I can't speak for Defense but it is about 210, 220, 230 thousand who leave active duty every year, and then you have the Guard and Reserve who demobilize.

I think we get about 65 percent of them. Like Under Secretary Arsht said, some of these, especially the young ones, and let us talk about them because they are the big subject of the hearing—some are headed to college. Some are going to go home and work on the farm. And some are going to take a break after the stress of combat, while others are going to delay finding a job. And some are going to use their unemployment compensation while searching for a job, and that is an important benefit. And what our research is showing is that, if the unemployment rates of these young veterans go down at the 9-month mark. Well, that means that many of them, it suggests that many of them are using that unemployment compensation to find a good job. And that only makes sense. Because, you know, you don't go out and buy the first car that—when you need a car, you shop around and you look for a car with value and the best value for your money. These veterans are very smart, and I think a lot of them are doing exactly that. It is a long-winded answer, but let me sum it up by saying, the most important thing that we can do for our servicemembers in terms of helping them get out of the military, make that "jump" to civilian employment as smooth as possible, is to get them into the TAP employment workshop.

MS. HERSETH. I agree, for many of the reasons you stated and the Chairman stated and am pleased to know, based on some of the information we acquired when we did a field hearing in South Dakota, that we are always looking for ways to improve these workshops to address the needs that are common to veterans of different ages, but who share information throughout these workshops. I am also pleased that we continue to look for ways to show the importance of the resume, how to translate their skills and abilities attained during military service to what prospective employers are looking for and

how you characterize and apply those skills.

MR. CICCOLELLA. You all do that great as well as anybody in South Dakota.

MS. HERSETH. Thank you. I appreciate that. I do have to say one of the other things we heard in South Dakota was perhaps different from the other branches. It has been a trend here over the last couple of years in the Air Force where there is an increased participation in TAP in part because there is a reduction in force going on. When that happens, it presents a unique opportunity to harness them and encourage them to participate in ways that maybe we wouldn't see at other bases and other branches.

MR. CICCOLELLA. The other thing you all are doing up there in South Dakota, in March, I went there and talked to your folks is they are going to start bringing employers into the TAP workshops. That is something that we have been pushing. It is a little touchy sometimes with the Defense Department. And of course every military installation, you know, has their own security issues that they are paying attention to. But employers are a real important addition to TAP, I think. Because employers will tell individuals what they are looking for. And what they are looking for is exactly what is in that TAP class.

MS. HERSETH. Very good.

Mr. Mansfield, in your testimony, I believe right at the beginning you explained that the VA and the National Guard Bureau signed an agreement to train 54 National Guard State benefits advertisers to act as points of contact for Guard members and their families regarding VA benefits and services. So a few questions along those lines: First, are they being utilized? Have you been receiving any information as to how veterans are responding to these advertisers? Do we need more than one in each State and territory? And then Ms. Arsht, perhaps you can talk about these advertisers, and do they interface in any way with this Turbo TAP, the new portal, and how is that being managed?

MR. MANSFIELD. The initial idea came out of our early work dealing with National Guard units coming home with the first deployments and understanding right away that we had a different situation to deal with the active-duty forces versus the Guard or Reserve forces.

So part of the way we thought we could approach it was to make sure we had a contact with the National Guard Bureau then with each State bureau, with the TAGs, so that we would know in VA, in that location, we would be notified when they knew that somebody was coming home. I have not been at—the last one was a vet center, two hospitals, two regional offices—anywhere in the VA traveling around this country where I haven't talked to VA personnel that had been out to a National Guard unit on a Saturday or a weeknight or a drill day talking to returning units because we have learned that that

is the way to get in touch with them once they get back and once they get into the drill period. The sergeant major or the officers, when approached, will allow us, our people, to come and approach them and be in contact; and we found out that that is the best way to do it. The National Guard Bureau has been very cooperative in helping us get that done and establish the contacts in making sure we get the information.

So I think it has been very beneficial in allowing us to talk face-to-face directly after they return and after they have been home, and then when they are back in uniform in drill to say, "here is what is available," "here is what you can do." And that is both on the benefit side and also, in many cases, on the health care side, what we call the New Hampshire model, is they actually schedule an extra day at drill to have these folks face-to-face with VA health care people on site. So we are trying to do new things that deal with a new situation.

Ms. Arsht. The whole intent of this collaboration is that all of the employers with a stake in this transition actually have a role, an active role in it, so the Guard Bureau has been involved with the DoD on Turbo TAP, along with these two departments (DOL/VA). And the other thing is the content—is their content. In other words, this is just a delivery system, but really it is the content that is so valuable. And what we see at the end state is a servicemember being able to put in, you know, very minimal information to establish who they are, and then based on their military service, those things they are eligible for become very easy to access.

It doesn't replace the face-to-face support that the Secretary is speaking about. They really work in tandem. And so I think you will see ultimately that all of these pieces have been built to work together.

Ms. Herseth. Turbo TAP and the one-stop career centers have all gotten information on how to help a transitioning servicemember to access Turbo TAP.

Mr. Ciccolella. On the DOD transitional portal, we have links that make it very easy for servicemembers to find their career one-stop center. And they are also briefed on that center during TAP, and as I said, we are going to try to actually collect some information from them starting next year early in the year, so that we actually send that information to the career one-stop centers.

Ms. Arsht. So we are trying to build interactivity between the three departments so all of the information dovetails for the servicemember. From their point of view, it is quite unimportant whether it is DOD information, VA information, or Department of Labor information. Only that it is there. And they can access it.

Ms. Herseth. Okay.

Just a final question and request. The question, and I am sure you may have anticipated this, both for Mr. Mansfield and Ms. Arsht,

based on some of the questions that we're all posing to the first panel and our interest in the Montgomery GI Bill and the modernization efforts, and I think you know of Dr. Snyder, who serves on this Committee, as well as Armed Services and his interest in this based on the hearing, the joint hearing that we had just a few months ago, but could you provide us today with a progress update regarding the DOD VA task force on the total force GI Bill initiative? It was originally due last summer, and then it would come into the fall and then we heard at the joint hearing that it would be some time this coming spring. Do you have any kind of update that you can provide us with today?

Ms. Arsht. Only to say that the work continues, that it would be premature today for us to be able to report anything more than that.

Ms. Herseth. But you are still on track to try to get it to us in the spring?

Mr. Mansfield. The JEC Committee meets quarterly. The last two meetings this has been briefed to the leadership of the JEC and then the workgroup has been sent back for a few minor corrections. But I think we are getting pretty close to a final product from the workgroup. But it is under the radar scope of myself and Dr. Chu. And, again, it is one of those where we are trying to balance some interests.

Ms. Herseth. I understand. My final request would be, as we move into the 110th Congress—and clearly, we have made a lot of progress with your help. Secretary Principi identified implementing a lot of the recommendations from the Commission report. I am hopeful that each of your agencies will be willing to work with the subcommittee and identifying the remaining recommendations and the best strategy of going about implementing those, particularly if, as we have more conversations, it is deemed important and perhaps necessary to authorize another commission, that we finish the work of the prior one, so hopefully, we will be able to undertake that in the upcoming weeks.

Mr. Mansfield. One point is, my folks here mentioned that the number that sign up for the Montgomery GI Bill is around 93 percent, and the number that uses it is now increased up into the 70s. So that is a serious increase over a period of 8 to 10 years. It used to be in the 47, 50, 51 percent area. So that is a good sign.

Ms. Arsht. I actually did have the numbers; 2.9 million have signed up since October, which is up slightly from my written statement, and the numbers eligible are 3.8 million.

Ms. Herseth. TAP?

Ms. Arsht. I thought we were talking GI Bill.

Ms. Herseth. We are.

Mr. Boozman. Thank you. Just a couple of things real quick.

I mentioned to the former Secretary about the DVOPS/LVER pro-

gram. Is there a need to tweakit somewhat? Can you give us any suggestions in that regard?

MR. CICCOLELLA. Absolutely. I don't think it is out of date. The Jobs For Veterans Act, I thought, did a very good job in terms of clarifying the rules of the DVOP and the LVER. I think that is very, very smart the way it is laid out. LVERs do TAP, and they do outreach to business, and so we have got to make sure that that is what they do. And DVOP should be focused on intensive services for disabled veterans and veterans who have barriers to employment, and they should be focused on job development and job accommodation. So consistent with the Committee's intent, when you all wrote H.R. 3082, that is how we are gearing the training at NVTI for those individuals.

Now what is obsolete or may be obsolete are the titles of the DVOP and LEVR because some States don't even use those titles. They call them Veteran employment representatives or something like that.

The program always needs tweaking, and it always needs monitoring and supervision.

MR. BOOZMAN. Chairman Principi also recommended in his testimony about reinstating the national—President's National Hire Veterans Committee. Do you all have a comment about that? And if so, would you do it in a different way than it was done before or—

MR. CICCOLELLA. I thought the Committee was a great idea. It served out a very important purpose. It sunsets after 3 years. Based on this Committee's legislative intent, which is the functions of the Hire Vets First Committee, the President's Hire Vets Committee have actually been incorporated into the advisory Committee for veterans' employment and training. And it is now the veterans' employment and training, education and outreach Committee.

The only thing that I would say is, as a practical matter, is if we reinstate the President's Hire Vets First Committee, it would be better if that Committee also provided the advice to the Secretary and the education and the outreach. This way, we would not need two Committees. Because then we must support two Committees. And these Committees are very expensive. They do good work, don't get me wrong. They do great work. But administratively supporting them and the travel and all of that sort of stuff, it is expensive and there is a little duplication there, too. So no objection whatsoever.

MR. BOOZMAN. Again, I want to thank you all so much for coming over and testifying. It was very helpful, as always. I want to commend you, commend your staffs. It has really been an honor working with you all. And that is one of the neat things about being in positions, where you really do go beyond the superficial and understand these things and deal with our staffs, deal with your staffs, us dealing with you all is a good thing, and like I say, we appreciate your efforts for veterans.

The other thing is that it is Pearl Harbor Day, and that is a very

special thing. My dad was 17 years old, and certainly that disrupted his life immensely. He had just joined the National Guard and got activated, and that generation did a tremendous job with what they were supposed to do, being called to duty and serving their countries along with their families, and then as those of us get out in the course of being on Veterans' Affairs and other Committees and seeing the tremendous jobs that our service men and women are doing right now, I know that generation is very proud of them. Thank you all.

The Committee is adjourned.

[Whereupon, at 3:48 p.m., the subcommittee was adjourned.]

APPENDIX

Honorable John Boozman
Remarks
Oversight Hearing on the Report of the Commission on Service Members' and Veterans Transition Assistance
December 7, 2006

Good afternoon. The final hearing of the Subcommittee on Economic Opportunity will come to order. Today is the last House Veterans Affairs Committee hearing of the 109th Congress. It is also Pearl Harbor Day and I hope each of us will take a moment to remember the souls lost that day.

Fortunately, I do not believe this will be a day that goes into the history books as a Day of Infamy. Before we begin today's official business, I want to extend my sincere appreciation for the bipartisan spirit that has been the hallmark of our operations for the past two years. I especially want to thank our Ranking Member, Stephanie Herseth, for the hard work she has done and the manner in which she has done it. I could not have had a better Ranking Member. To our staffs, I also want to say thanks for their efforts over the past two years and for those who will be leaving us, you go with our best wishes.

There is a rumor that Ms. Herseth and I will be changing titles in a few weeks. I'm still trying to verify whether that is true, but should it prove correct, I will hand her the gavel with my best wishes and a sincere offer to extend her the same courtesies and cooperation that she has given to me as Chairman.

Now to our business at hand. First, Congressman Simpson has asked for permission to enter a statement for the record. Without objection, so ordered.

During the 109th Congress, the Economic Opportunity Subcommittee spent considerable effort conducting oversight of the Transition Assistance Program and the GI Bill. We did that because we felt that the best thing we could do for those leaving military service and those remaining in uniform were to ensure that the process of returning to civilian life was reasonably smooth and offered the chance to obtain gainful employment. Did we find a perfect system? No. Did we find a system that provides good basic information and assistance? I believe we did. But, like many government programs, the system can be made to work better. And that is why we are here today, because in the end it is all about a good civilian job, whether it's right out of service or following short or extended training and education.

In January 1999, in response to Public Law 104-275, the Commission on Service Members' and Veterans Transition Assistance issued its report. In general, the Commission was tasked to (1) review the adequacy and effectiveness of veterans transition assistance and benefits programs in providing assistance to members of the Armed Forces in making the transition and adjustment to civilian life; (2) review the allocation under law of responsibility for the administration of veterans transition assistance and benefits programs among the various departments and agencies of the Government and determine the feasibility and desirability of consolidating such administration; (3) evaluate proposals for improving such programs, including proposals for

alternative means of providing services delivered by such programs; and (4) make recommendations to Congress regarding the need for improvements in such programs.

The Commission met for several years and the resulting report was wide-ranging in its views, addressing the many issues facing service members who were transitioning to civilian life. Following release of the report, the House Veterans Affairs Committee formally received the views of the Commission.

There has been a lot of water under the bridge since then. So, continuing with our focus on employment and transition issues, we thought it would be fitting to close out the 109th Congress with a review of how far we have come relative to the Commission's recommendations and to set the stage for the 110th Congress.

MIKE SIMPSON
SECOND DISTRICT, IDAHO

WASHINGTON OFFICE:
1339 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5531
FAX: (202) 225-8216

DISTRICT OFFICE:
802 WEST BANNOCK STREET, SUITE 600
BOISE, ID 83702
(208) 334-1953
FAX: (208) 334-9533
www.house.gov/simpson

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEES:
VICE-CHAIRMAN
INTERIOR, ENVIRONMENT AND RELATED AGENCIES
ENERGY AND WATER DEVELOPMENT
MILITARY QUALITY OF LIFE AND VETERANS AFFAIRS AND RELATED AGENCIES

COMMITTEE ON BUDGET

December 6, 2006

The Honorable John Boozman
Chairman
The Honorable Stephanie Herseth
Ranking Member
Veterans' Affairs Subcommittee on Economic Opportunity
House Committee on Veterans Affairs
Washington D.C. 20515

Dear Chairman Boozman and Ranking Member Herseth,

I want to thank you for the vision and leadership you both bring to veterans' transition issues. I am writing to express my support for the reestablishment of the *President's National Hire Veterans Committee.* As a past chairman of the Subcommittee on Benefits of the Committee on Veterans' Affairs, I was privileged to work with Representatives Silvestre Reyes, Jack Quinn, Bob Filner, J.D. Hayworth, Christopher Smith, and Lane Evans in writing the Jobs for Veterans Act, which created the *President's National Hire Veterans Committee.*

Veterans are a valuable business asset and we as a Nation need to convey this message to business, industry, and organized labor. My distinguished colleagues and I established the *President's Committee* with a mission to reach out to employers and make them fully aware of the skills and attributes that veterans offer to the civilian workforce. Fundamentally, hiring former service members is a good business decision. Hiring them for patriotic reasons expresses appreciation and respect. Hiring them for business reasons gets results.

Mr. Chairman and Madame Ranking Member, our service members are ordinary Americans who do extraordinary things in defense of our everyday freedoms. Their selfless, supreme dedication demands supreme commitment on our part, especially at the highest councils of our government. Reestablishing the *President's Committee* demonstrates to American business and industry that former service members can be part of their competitive edge and it will ensure veterans have a full opportunity to participate in our economic system that their service has sustained.

Sincerely,

Mike Simpson
Member of Congress

Statement of Rep. Stephanie Herseth (D-SD)
Ranking Democratic Member
House Veterans' Affairs Subcommittee on Economic Opportunity
Oversight Hearing on the Principi Transition Commission Report
December 7, 2006

Thank you Chairman Boozman and good afternoon. Before we begin today I would like to express my gratitude to you for your hard work, bipartisan efforts and steady leadership on this subcommittee. It was a true pleasure serving with you on this subcommittee. I hope we can continue to work together on important matters affecting servicemembers, veterans and military families in the future.

I also would like to welcome all of today's witnesses. I very much appreciate your testimony as your views and insight are critically important to this subcommittee as we examine policies and recommendations concerning servicemembers' transitions to civilian life and veteran status.

Mr. Chairman, we ask a great deal of our servicemembers, veterans and military families – perhaps more than any other segment of our society. No doubt, they have earned and deserve our best efforts to provide them with a quality and enlightened process as they prepare and ultimately separate from military service.

Indeed, in my opinion, military recruiting and overall morale could be improved by ensuring a quality transition process and providing new and improved opportunities for veterans to explore in the civilian workforce, entrepreneurial or higher education sectors. A veteran, and perhaps more importantly, a military family that experiences a successful transition to civilian life is arguably more valuable than any Madison Avenue ad campaign for purposes of our all-volunteer force.

Mr. Chairman, I look forward to hearing the witnesses' testimony and working with you and my colleagues on the Committee to examine and develop policies aimed to improve readjustment services for our men and women in uniform.

Thank you and I yield back.

Statement of Anthony J. Principi
Former Chairman
Congressional Commission on Servicemembers and
Veterans Transition Assistance
Established Pursuant to Public Law 104-275

Subcommittee on Economic Opportunity
Committee on Veterans' Affairs
US House of Representatives

December 7, 2006

Who We Serve in Transition Assistance Programs.....3
Commission Recommendations Enacted Into Law.....4
Proposed Additional Recommendations: Education and Training. 8
Proposed Additional Recommendations: Employment.....16

Chairman Boozman, Ranking Member Herseth, members of the subcommittee, you honor Vice Chairman Wincup and me by inviting us to testify.

Indeed this is the Committee that serves our most precious and unique national resource – the 1.5 million of America's sons and daughters who wear the uniform of the United States. Selfless individuals who represent the very best in character, commitment and resolve. Ordinary Americans who we ask to do extraordinary things in our defense both on the world stage and here at home.

****

My statement is divided into four parts: (1) who we serve in transition assistance programs; (2) highlights of Commission recommendations enacted into law; (3) recommendations proposed for further action with respect to education and training; and (4) recommendations proposed for further action regarding employment and workforce development.

Modern-day version of the Omar Bradley Commission...

Mr. Chairman, Congress chartered the commission on October 9, 1996, as part of Public Law 104-275. Indeed the Commission's work represented the most comprehensive review of veterans' benefits and services since the 1956 Omar Bradley Commission.

The Commission performed its work through issue panels on veterans' benefits, servicemembers/employment, and healthcare.

General J. B. Davis, USAF (Ret) chaired the veterans' benefits panel assisted by Commissioners Mack Fleming, Chris Jehn, and the late Richard Johnson.

Ronald Drach chaired the servicemembers/employment panel, assisted by Lt. General Edgar Chavarric, USAF (Ret), Brigadier General Robert Stevens, USA (Ret), and Michael Blecker.

The excellent work of our healthcare panel chaired by Lt. Colonel Renee Priori, USA (Ret) is not topical to today's hearing. So, I'll forego it. Commissioner Thomas Harvey and Vice Chairman Wincup served on the healthcare panel.

I. WHO WE SERVE IN TRANSITION ASSISTANCE PROGRAMS

Like the 19-year olds of generation's past who scaled the cliffs of Normandy, our millennium generation's greatness exceeds only its selflessness while in harm's way.

Disciplined by duty and enlightened through experience...

Disciplined by duty and enlightened through experience, our All-Volunteer Force indeed represents America's most resourceful of individuals; a place literally that grows leaders; not just for their military time but for a lifetime.

In the transition assistance programs that help our servicemembers obtain post-service jobs, we indeed are serving individuals – leaders -- in which Americans have the greatest of confidence.

The National Leadership Index 2005: A National Study of Confidence in Leadership conducted by the *Yankelovich, Inc.* survey organization for *US News & World Report* and Harvard's Kennedy School of Government found in a recent nationwide survey that Americans have more confidence in our military and military leaders than any other segment of our society.

I am not aware that the national media have expressed interest in this data. But I think the data add value for this subcommittee because of the high degree of confidence the public has in the individuals the subcommittee ultimately serves through its policies. I'd ask the subcommittee to incorporate the published results of the *Yankelovich, Inc.* survey into the published hearing record.

II. COMMISSION RECOMMENDATIONS ENACTED INTO LAW

Very responsive, bipartisan Congressional leadership...

Mr. Chairman, we have not surveyed the Commission's former members. However, Vice Chairman Wincup and I believe that any reasonable standard of review would conclude that Congressional enactment of Commission recommendations represents very responsive, bipartisan leadership. Indeed much of the enacting legislation emerged from the rostrum in this historic room. Table One furnishes some examples. The listing is not a comprehensive one.

Table One
Highlights: Congressional Action on Commission Recommendations

Leg.	Introduced By	Public Law	Date	Substance
HR 1568	Representatives Stump, Evans, Manzullo	*Veterans Entrepreneurship and Small Business Development Act of 1999*; 106-50	8/17/99	• Veterans business development opportunities. • Access to technical, financial, and procurement assistance.
S 1402	Representatives Quinn, Filner, Stump, Evans	*Veterans Benefits and Health Care Improvement Act of 2000*; 106-419	11/01/00	• MGIB increase from $528 to $650 per month. • Use of MGIB for occupational licensing/ credentialing purposes. • May 1, 2001 – July 31, 2001 MGIB "open window" for retirees.
HR 1291	Representatives Smith, Evans, Hayworth, Reyes	*Veterans Education and Benefits Expansion Act of 2001*; 107-103	12/27/01	• MGIB increase from $650 to $985 per month. • Accelerated MGIB for high-technology courses. • MGIB eligibility for distance education and private technology entities. • TAP briefings as early as 24 months prior to separation for retirees and

				12 months for first-termers. • Authority to establish overseas veterans' assistance offices to expand transition assistance.
HR 4015	Representatives Simpson, Reyes, Stump, Evans	*Jobs for Veterans Act*; 107-288	11/07/02	• Redesign of nationwide veterans' job services through the States through themes of increased accountability, flexibility, incentives, and results. • Created veteran's "first-in-line priority" in all DOL-funded workforce development programs. • Created *President's National Hire Veterans Committee.*
HR 2297	Representatives Smith, Manzullo, Evans, Simpson, Reyes, Renzi	*Veterans Benefits Act of 2003*; 108-183	12/10/03	• Use of MGIB for courses offered by small business development centers. • Sole source and restricted competition contracts for disabled veteran-owned small business. • DOL-furnished job assistance at TAP sites in 7 countries overseas.
S 2486	Representatives Smith, Evans, Brown, Michaud	*Veterans Benefits Improvement Act of 2004*; 108-454	12/10/04	• Redesign of VA OJT and apprenticeship programs to reflect business and industry today. • Increase in MGIB OJT/apprenticeship rates.

Source: Commission and HVAC Reports

Mr. Chairman, Senators Specter, Rockefeller, and Graham indeed provided significant leadership in the enactment of the education and employment provisions listed above; and Senators Snowe and Kerry joined them in the entrepreneurship legislation. For

today's hearing, I limit my focus to the House role.

A few brief comments on the magnitude of this subcommittee's responsive work in enacting into law Commission recommendations, as highlighted in the table:

- HR 1291. In 2001, I testified before this subcommittee as Secretary of Veterans Affairs and Vice Chairman Wincup testified on behalf of the Commission, on HR 1291, *The 21st Century Montgomery GI Bill Enhancement Act* (enacted as *Veterans Benefits and Expansion Act of 2001*). When combined with PL 106-419 in 2000, HR 1291 produced the largest increase in the 16-year history of the Montgomery GI Bill ($528 in 1999 to $985 in 2004). The CBO officially estimated that veterans would use such increases over 10 years in the amount of $6.8 billion. The current MGIB monthly benefit is $1,075.

- HR 2297. The provision to make disabled veteran-owned businesses eligible for federal sole source and restricted competition contracts indeed was some 23 years in the making. *The 1980 White House Conference on Small Business* convened by President Jimmy Carter first made this recommendation. In addition, many larger companies have developed forward-leaning policies that are designed to help promote the growth and development of veteran-owned and disabled veteran-owned small businesses though contracting or sub-contracting arrangements.

- S 2486. HR 1716, *The Veterans Earn and Learn Act* constitutes title I of Public Law 108-454. The Commission made no specific recommendation in this regard. However, it is my understanding that the Commission's focus on the *Navy's National Apprenticeship Program* in which in 1999 41,000 sailors were participating while on active duty in 94 DOL-certified apprenticable trades; and 3,000 Marines enrolled in apprenticeships in 27 trades, inspired the Committee's interest in this area.

****

Mr. Chairman, in your invitation letter you asked me to describe any major issues still requiring action. I'll begin with education and then turn to employment.

III. PROPOSED ADDITIONAL RECOMMENDATIONS: EDUCATION AND TRAINING

If employment is the door to a successful transition to civilian life, education will be the key to employment especially in today's technological age. That education starts the moment the servicemember puts on the uniform of the United States; because Congress indeed sees to it that we have the best-educated, best-informed, most-effective fighting force in the world.

Our military is America's largest university, far exceeding the "Ivy League"...

Longstanding assertions that America's sons and daughters who make up our All-Volunteer, professional force are college dropouts, or somehow are not considered college material or serve due to no other options, do not comport with fact. To the contrary, our highly engaging and resourceful military represents America's largest university. Larger than all the "Ivy League" schools combined, for example.

The *FY 05 Department of Defense Voluntary Education Fact Sheet* (http://voled.doded.mil/voled_web/voledhome.asp) shows that in fiscal year 2005 an impressive 819,526 ser vicemembers were pursuing associate, bachelor's, master's or doctoral degrees during off-duty hours; most of them as first-term enlistees who will not make the military a career. Voluntary Education is a congressionally-driven program in which the Department of Defense in fiscal year 2005 paid $461.4 million in college tuition costs for the 800,000 plus servicemembers.

Our military are the most motivated of Americans who will do whatever our Nation asks. They're smart, too; 36,415 received college degrees in fiscal year 2005 while carrying out their military duties on a full-time basis.

Mr. Chairman, I'd note as well, the *Department of Veterans Affairs 2007 Congressional Budget Submission* at page 3A-17 states that during fiscal year 2005 another 20,607 active-duty servicemembers were pursuing college degrees during off-duty hours while using their Montgomery GI Bill, at a cost of $61.6 million.

Further, *the Submission* also states that 87,589 Reservists were pursuing degrees through their Montgomery GI Bill, at a cost of $183.7 million.

Make no mistake, none of these numbers reflect schools operated by the individual service branches that train servicemembers in their military specialties.

And these students are not ROTC or service academy cadets.

On-base, on-ship, and on-line...

These are our computer-literate, technologically-savvy sons and daughters who are stationed in the U.S. and in some 120 countries throughout the world. A consortium of some 1,800 American colleges and universities administered since 1972 by the *American Association of State Colleges and Universities* offers them rigorous degree programs, up to and including the doctoral level on-base, on-ship and on-line. Fourteen other national higher education associations participate in the consortium officially known as *Servicemembers Opportunity Colleges.*

I know of few entities in our society that grow leaders and educate our people as adroitly and effectively, as do civil servants who are part of the United States Department of Defense.

The Department's commitment to learning and professional growth and development is real; and it is tangible. The Department operates 305 education centers at our military bases world-wide; 1,700 DoD education professionals coordinate the degree programs, including in Bosnia, Saudi Arabia, and Afghanistan. Simply stated, the complexities of modern warfare require smart soldiers. And our soldiers are world-class.

Mr. Chairman, I'd like to close this section by sharing with the subcommittee a brief observation based on my visits with our soldiers, sailors, airmen and Marines in the Middle East; and the commission's visit to the 38th parallel in Korea.

Our servicemembers are young Americans who are mature beyond their years. They are not daunted at being part of something so much bigger than themselves. Many have seen first-hand the insidious effects of tyranny over freedom and dictatorship over democracy. Our soldiers are inspiring and extraordinary people. As the late General Creighton Abrams often would say, "Soldiers are not *in* the Army. Soldiers *are* the Army." And we owe them the very best of help when they conclude their service and return home.

****

Mr. Chairman, turning now to the Montgomery GI Bill; about 97 percent of servicemembers sign-up for the Montgomery GI when they join our military. They pay-in $1,200 in order to gain $38,700 in benefits.

As of September 2006, 1,514, 638 veterans have used the Montgomery GI Bill; 1,290,337 for college-level training and 224,301 for technical degrees in specialized technologies, or for on-the-job training, apprenticeships, correspondence, and flight training.

Financial aid abounds for those who choose not to serve in our military. As a matter of national policy, we give away about $12 billion in Pell grants annually for which no service to the nation is required.

For those who serve in our military, the Commission is unaware of any other student aid program in which the student himself/herself pay-ins $1,200 in cold cash to become eligible.

The Commission's review of the legislative history of the Montgomery GI Bill revealed that HR 1400, the proposed Veterans' Educational Assistance Act of 1981, as introduced by the visionary GV Montgomery and colleagues on January 28, 1981, did not include – or contemplate in any way – a pay reduction on the part of the servicemember, as an eligibility requirement.

Mr. Chairman, I might add, under the leadership of Bob Foglesong, Ph.D., General, USAF (Ret) who is President of Mississippi State University, the university recently inaugurated the *GV Montgomery Center for America's Veterans.* What a fitting tribute to an American icon. A man who according to his 2003 official biography *Sonny*

Montgomery: The Veteran's Champion, written by Michael Ballard and Craig Piper, spent each Christmas from 1966 through 1973 with our soldiers in the field in the Republic of Vietnam. He was a man who also understood the art of legislative leadership. During the 7-year legislative journey of the Montgomery GI Bill, Mr. Montgomery was an island of calm in what at times was a sea of contentiousness. Mr. Wincup and I witnessed his leadership, first-hand.

Recommendation One: Repeal the $1,200 servicemember pay-reduction requirement to become eligible for the Montgomery GI Bill; or increase the MGIB monthly educational assistance allowance in an amount equal to the increase in direct spending occasioned by the $1,200 repeal.

Mr. Chairman, structured on-the-job training and apprenticeships represent a part of the Montgomery GI Bill and other VA educational assistance programs that I think we overlook, as a first-rate career transition tool. VA pays veterans to earn-while-they-learn for up to 2 years for OJT and generally up to 5 years for apprenticeships.

The Department of Labor reports 858 occupations in the U.S. economy that offer apprenticeships. Apprenticable occupations range from boilermaker to bricklayer, carpenter to cook, electrician to EMT; and pipe fitter to police officer.

During my tenure as Secretary of Veterans Affairs, Chairman Christopher Smith placed a statement in the April 10, 2003 *Congressional Record* that I found helpful. Here are some excerpts:

- "The state of Missouri's aggressive efforts to place veterans into OJT and apprenticeships with Missouri employers produces about $38 million annually in VA education and training benefits.";

- "Of the 263,175 veterans using the Montgomery GI Bill in fiscal year 2002, only 11,277 (4.2 percent) were participating in on-job training or apprenticeship."; and

- "VA Under Secretary for Benefits Daniel Cooper advised by letter of September 11, 2002 that the OJT-apprenticeship low participation rate is not due to a low number of employers but a low participation. The number of participating employers is constantly chan ging, but State approving agencies are currently reporting about 7,000 employers who offer one or more VA-approved OJT or apprenticeship programs. Only about 2,200, or not quite 32 percent, have at least one veteran in training and receiving VA education benefits for training."

25 labor unions commended for leadership...

Lastly, former Chairman Smith's statement commends some 25 labor unions, the Pennsylvania Department of Education, the National Association of State Approving

Agencies, the Departments of Labor and Veterans Affairs, the *Helmets to Hard Hats* Building and Construction Trades Program, the US Military Apprenticeship Program, the US Army Ordnance Corps, the US Chamber of Commerce, the Veterans of Foreign Wars of the United States, and the Non-Commissioned Officers' Association of the United States for their leadership and interest in enhancing OJT and apprenticeship as a transition tool.

Given that in 2004 Congress updated VA's OJT and apprenticeship program to reflect such programs in business and industry today, it seems the next step would be to elevate the usage in these programs, especially for 20-24 year old veterans.

Recommendation Two: Convene either legislatively or administratively through the Secretaries of Veterans Affairs, Labor, and Defense – with consultation from the Secretaries of Education -- a work group or task force to determine how to increase participation of recently-separated veterans in OJT and apprenticeship opportunities. Require the group to present to the appropriate committees of Congress within 9 months, a concrete, specific plan and measurable objectives for informing, placing, and retaining veterans in such earn and learn opportunities.

IV. PROPOSED ADDITIONAL RECOMMENDATIONS: EMPLOYMENT

Mr. Chairman, turning now to employment, I appreciate the efforts of the dedicated professionals who provide employment and training services to America's veterans

through the public labor exchange. They are the professionals serving veterans at Job Service offices and one-stop career centers across America. As I understand it, due to their efforts the Secretary of Labor reports that for Program Year 2005 the entered-employment rate for veterans is about 61 percent.

I also understand that this improvement may be a combination of both better reporting and better results by the States.

In any case, the 61 percent is a demonstrable step forward from the rather woeful rate the Commission had no choice but to cite in its 1999 report: "The Commission is outraged by the fact that, according to DOL's 1997 Annual Report, nine States meet DOL performance standards while placing fewer than 10 percent of veteran registrants."

Let's remove any ambiguity as to the reasons for the improved entered-employment rate.

Recommendation Three: As part of the mandatory study of the implementation of the *Jobs for Veterans Act* in section seven, ask the General Accountability Office to determine whether the 61 percent entered-employment rate is the net effect of better services/results; better reporting; or a combination of the two; and the implication for better delivery of job-placement services, if any.

Congress created a policy of no reward for success or penalty for failure...

Thanks to *The Jobs for Veterans Act*, I am hopeful the days of "no reward for success or penalty for failure" are closer to ending, with respect to results and accountability in the public labor exchange administered by the States. As you know, the Commission's report focused heavily on these two themes, as well as those of flexibility and incentives in service delivery by the States.

Prior to the *Act*, the Congress unwittingly trapped good people -- especially DVOPS and LVERs -- in a bad system, as I testified to this Committee on July 12, 2000, during the subcommittee's deliberation on the proposed *21st Century Veterans Employment and Training Act;* the 2002 forerunner of the *Jobs for Veterans Act.* A nationwide workforce development system absent needed accountability, flexibility, incentives and results in service delivery – as the Commission recommended -- imped es the performance of employees on the business-end of such policies.

Notwithstanding earnest, and I think generally effective effort on the part of the Department of Labor and the States in implementing the *The Jobs for Veterans Act* enacted on November 7, 2002, veterans' unemployment in the 20-24 cohort is worse today than when the Commission issued its 1999 report.

In its 1999 report, the Commission noted "It is absolutely unacceptable that the unemployment rate for newly-separated veterans, men and women who are dedicated, mature, skilled, trained, disciplined, experienced, trustworthy, and drug free, exceeds that of non-veterans of the same age by over 20 percent."

As the tables below indicate, I think we all continue to see an unfortunate 'disconnect.'

It's a 'disconnect' between the human capital/basket of skills that 20-to-24 year old former servicemembers bring to our domestic economy; and our ability as a nation to place these engaging and resourceful individuals in our free-enterprise system that their very service has sustained.

Table Two
Veteran Unemployment Data
Annual Averages as of 9/30/06

	2003	2004	2005	20063Q
Age 20-24 veterans **Age 20-24 non-veterans**	**11.0 %** **10.0 %**	**13.6 %** **9.4 %**	**15.6 %** **8.7 %**	**10.8 %** **8.2 %**
Age 25-29 veterans **Age 25-29 non-veterans**	**6.8 %** **6.6 %**	**7.2 %** **6.1%**	**6.5 %** **5.8 %**	**6.0 %** **4.7 %**
All veterans **All non-veterans**	**5.0 %** **5.4 %**	**4.6 %** **5.0 %**	**5.0 %** **4.6 %**	**3.8 %** **4.6 %**
No. of unemployed age 20-24 veterans	**25,000**	**33,000**	**34,000**	**29,000**

Source: Bureau of Labor Statistics

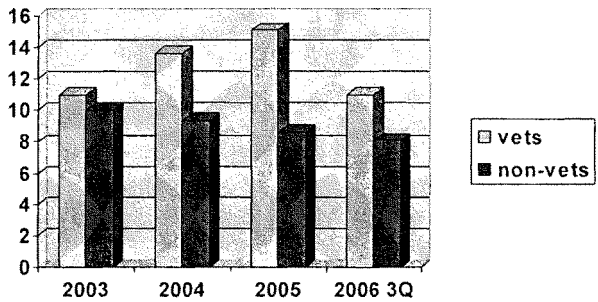
Unemployment is much more than a veteran who's not working. Nationally, it represents lost productivity and lost tax revenue that cannot be recouped. It represents less-than-full usage of veterans as a competitive business asset. For many veterans, unemployment brings lost financial assets, periods without healthcare coverage, increased family stress,

and diminished self-esteem.

The Bar Chart below is substantively identical to Table Two but with a focus only on the veterans in the 20-24 age cohort.

Bar Chart
Veteran Age 20-24 Unemployment Data
Annual Averages as of 9/30/06

Percentage of age 20-24 veterans and non-veterans unemployed, 2003 to 2006



Source: Bureau of Labor Statistics

Mr. Chairman, I think the question to ask is what do the numbers in the two illustrations really mean, as to the depth/breadth of the unemployment problem of veterans age 20-24

For example, if the numbers reflect recently-separated veterans receiving unemployment compensation for a few months while the veteran waits for a new semester to begin so as to start classes on the Montgomery GI Bill, that's one scenario. But that scenario is quite

different, for example, from one in which a job-ready veteran is unemployed for an extended period and exhausts unemployment compensation.

Further, to what extent do the States make unemployed, 20-24 year old veterans aware of their first-in-line priority in all DOL-funded workforce development programs, which was a Commission recommendation? Having such data would seem helpful in targeting services to veterans who are most in need.

Recommendation Four: Ask the Secretaries of Labor and Veterans Affairs -- or the General Accountability Office -- to survey 20-24 age veterans and/or determine through existing DOL databases: (a) length of unemployment, (b) reason for unemployment, and (c) extent of awareness of veteran first-in-line priority in DOL-funded workforce development job training programs.

Recommendation Five: So as to gain additional feedback data with respect to the first-in-line priority, ask the Secretaries of Labor and Veterans Affairs to mail information directly to *disabled* veterans of any age, as well as dependent spouses/children of 100 percent disabled veterans or veterans who incurred a service-connected death, with respect to their first-in-line priority placement in DOL-funded workforce development programs. Do so in a phased manner, starting with younger beneficiaries first, and in a way that the workforce development system in the States would be positioned to accommodate beneficiaries who may wish to apply for such training.

****

Mr. Chairman, I'd like to focus now on employers.

The data show that some employers hire veterans because doing so fundamentally is a good business decision while many others see know reason to recruit veterans at all.

When Congress allowed the authority for the *President's National Hire Veterans Committee* to expire last year, not only did veterans lose a valued voice at the highest councils of government but employers themselves lost a voice from their own peers, as to the unique contribution veterans can make to their economic success.

Only about one quarter of employers actively recruit veterans...

The Commission engaged *The Gallup Organization* in reaching out to employers. Let me reiterate from the Commission's 1999 report what we learned from them:

- *"The Gallup Organization's* "National Survey of Employers Concerning the Hiring and Job Performance of Veterans of the United States Military" during the summer of 1998 [showed that] almost three-quarters (74 percent) of all employers reported that they had employed veterans."

- "However, the Gallup Survey found that only about one-quarter (26 percent) of employers actively recruited veterans. Larger companies tended to recruit veterans more actively than smaller companies."

- "*The Gallup Organization* asked employers who did not actively veterans, "Why not?" The most common answer (29 percent) was that the employer did not gear recruiting toward any specific group. The second most common response (21 percent) was that the employer had never considered recruiting veterans."

- "When *The Gallup Organization* asked employers who they'd contact if they wanted to hire veterans, almost half (48 percent) incorrectly identified the VA, and one-quarter (25 percent) cited the local job service office in their state."

Veterans personify economic strength...

By contrast, several Fortune 150 corporations -- members of *The Business Roundtable* -- that I understand generate about $3.3 trillion in wages in our domestic economy annually have emphatically expressed their views with respect to veterans as a competitive business asset.

Notes Mr. Bob Lutz, Vice Chairman of *General Motors*:

- "Veterans personify economic strength…veterans represent the ready work force for the 21st century…veterans regardless of their generation, have the soft skills that every employer seeks: team players with a strong work ethic, loyalty, the ability to start a job, and get it done all the way through."

Observes Mr. Steve Wohlwend, Senior Division Manager for *John Deere & Company*, a 167-year old global enterprise that I understand ranking member Lane Evans has worked with extensively:

- "When citizen soldiers return home and bring their added skills, training, and work ethic, they assist our company in meeting the competitive challenges of the global marketplace."

Mr. Kevin Horigan, Group Vice President, Public Services, *PeopleSoft*, Inc. says:

- "Our veterans have critical skills not easily accessible to the private sector, skills including communications, encryption, and other computer technology skills, health care logistics and manufacturing…"

- "But there are other characteristics as well that make veterans an attractive group for recruitment and employment – loyalty, stress management, discipline and leadership."

Mr. Chairman, this variance in employer views was what prompted the Commission to recommend an "ongoing, independent, Presidentially-appointed, non-partisan *Veterans' Employment Network*, supported by minimal staff and contract marketing."

Congress enacted the Commission's recommendation as the *President's National Hire Veterans Committee* with statutory purposes to (1) raise employer awareness of the skills of veterans and benefits of hiring veterans; (2) furnish information to employers on the advantages accorded them in hiring such individuals; and (3) facilitate the employment of veterans and disabled veterans. Congress created an authorization of funds of $3 million per year for fiscal years 2003 through 2005 but did not appropriate such funds.

My impression is that both the Commission and the Congress envisioned *The Committee* as a needed national marketing and employment facilitation tool – not as a direct, job-placement activity.

Mr. Chairman, I'd note as well that this type of Committee reaches back as far as President Nixon when he created the *President's Jobs for Veterans Committee* on November 24, 1970. The Committee's purpose was to "mobilize the entire Nation in the private sector, business, labor unions, and other organizations, so that jobs will be available for these men who have served the Nation."

President Nixon named James F. Oates, former chief executive officer of the Equitable Life Assurance Company to head the Committee: "...A man of great organizational

ability...he will be able to speak to leaders all over the nation, within Government and out of Government, with great impact." Following the President's remarks, Mr. Oates, Secretary of Labor James D. Hodgson, Secretary of Defense Melvin Laird, and Administrator of Veterans Affairs Donald E. Johnson held a news briefing on the program. See The American Presidency Project at americanpresidency.org and http://www.presidency.ucsb.edu/ws/index.php.

Recommendation Six: Reestablish the *President's National Hire Veterans Committee* for 5 years with an authorized appropriation level of $750,000 annually. A sustained national marketing program can favorably influence employer perceptions of veterans; and hence hiring decisions. Direct the Committee to focus its efforts primarily on younger veterans and focus on the one percent of employers, who employ about one-half of all civilian employees; as proposed by the Commission's report.

Mr. Chairman, my concluding issue is the Veterans and Servicemembers Internet Site (VASIS).

First, let me note that as I understand it, the Department of Defense is developing a new *Transition Assistance Web Portal* with the help of Monster dot com and its Federal partners. As I understand it, the *Portal* will focus on specific National Guard and Reserve requirements, but will also serve the active component as well as retirees, the severely injured and spouses. The portal will be available 24 hours a day and 7 days a week for servicemembers unable to attend TAP information briefings prior to separation.

With respect to VASIS, the Commission recognized that in order to improve the transition of veterans from active duty into civilian career opportunities there must be an easy, convenient and reliable way for both employers who want to hire veterans and veterans seeking suitable employment to find one another. The Commission recommended that "DOL, DoD and VA design, establish, and maintain a customized, separate veterans and servicemembers internet site for each of servicemembers, veterans and employers on DOL's electronic platform."

Easy access to timely job and labor market information is essential for successful career transition. Web-based services are particularly important to servicemembers prior to separation and to veterans at the time of their separation because they cannot "network" while on active duty and are transient immediately after separation.

While I understand that accommodations were made for VA and DoD to use DOL's America's Job Bank (AJB) platform, a customized and separate site was not created. However, more significantly, I now understand that DOL has proposed to discontinue maintaining its AJB. This decision underscores the importance of jointly creating and maintaining a servicemember and veteran-specific electronic job board and resume bank.

Recommendation 7: Encourage the Departments of Labor, Defense, and Veterans Affairs to revisit the proposed Veterans and Servicemembers Internet Site (VASIS) concept to ensure that a specific applicant/job search capability for employers and veterans is maintained and enhanced. This veteran-specific site should take advantage of

new technologies and service delivery modalities that offer opportunities for enhancing services to younger veterans who are highly computer-literate.

****

Mr. Chairman, on behalf of Vice Chairman Wincup, Commission members, executive director Mr. Bob Stein and staff, I honor the memory of Terence "Terry" Lynch who come to the Commission's staff from the Senate Intelligence Committee and served us so well. Terry died at the Pentagon on September 11, 2001.

I also paid tribute to Commissioner Richard W. "Dick" Johnson, USMC (Ret)., a valued colleague and innovator. Dick furnished a lifetime of leadership to the *Non-Commissioned Officers' Association of the United States*. Mr. Johnson died on July 4, 2004.

I also salute two longstanding, enduring leaders of this committee who have passed away, Chairman Bob Stump and Representative Floyd Spence.

Lastly, I offer our kindest regards and gratitude to ranking member Lane Evans, who is retiring following 22 years of vigilant leadership on this Committee.

We know of no member of Congress who has authored more provisions of law enhancing the Montgomery GI Bill than Representative Evans. Semper Fi.

Thank you, Mr. Chairman.

Notes

Some of the words used in this statement are not original to the Commission or to me:

- At page 2, who represent the very best "in character, commitment and resolve" was used by First Lady Laura Bush at a *Troops to Teachers* event, Wright Patterson Air Force Base, October 16, 2002.

- At page 3, "disciplined by duty and enlightened by experience" was used by the late Michael J. Bennett in newspaper articles that discussed the Commission's recommendations regarding the Montgomery GI Bill. These included: Fredericksburg *Free Lance-Star*, July 5, 2003; Victorville, California *Press Dispatch,* July 6, 2003; and Stamford, Connecticut *Advocate*, July 8, 2003. Mr. Bennett is author of *When Dreams Came True: The GI Bill and the Making of Modern America.* Brassey's Press.

- At page 4, "but for a lifetime" is substantively similar to words used by Suzanne Mettler, in *Soldiers to Citizens: The GI Bill and the Making of the Greatest Generation.* Oxford University Press. Professor Mettler found that World War II veterans who used the GI Bill were twice as likely to be civic leaders, as compared to veterans who did not use it. She believes this phenomenon likely will hold true for the current generation, as well, once studied.

- At page 10, "on-base, on-ship, and on-line" is used by Carolyn L. Baker on the cited Department of Defense "Voluntary Education" website under site identifiers "reports, program update, fact sheets."

- At page 11, "tyranny over freedom and dictatorship over democracy" is substantively identical to words used by Prime Minister Tony Blair in an address to a Joint Session of Congress, July 17, 2003.

STATEMENT OF
THE HONORABLE GORDON H. MANSFIELD
DEPUTY SECRETARY
DEPARTMENT OF VETERANS AFFAIRS

before the

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
HOUSE COMMITTEE ON VETERANS' AFFAIRS

DECEMBER 7, 2006

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to be here today to testify on VA's actions regarding the recommendations of the "*Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance.*" My testimony will focus specifically on those parts of the report that are within the purview of the Subcommittee and of particular interest to its members. These include the findings and recommendations related to outreach and information exchange as well as the Education, Vocational Rehabilitation and Employment, and Loan Guaranty programs.

The Transition Commission Background

Congress established the Commission on Servicemembers and Veterans Transition Assistance, known generally as the "Transition Commission," in the Veterans' Benefits Improvements Act of 1996 (Public Law 104-275). The stated objective of the Commission was to "review programs that provide benefits and services to veterans and to servicemembers making the transition to civilian life and propose steps to ensure the programs' adequacy and effectiveness in meeting their needs, both now and in the 21st century."

The Honorable Anthony J. Principi wisely was chosen to be Chairman of the Transition Commission. Mr. Principi's record of dedication and service to America's veterans was and is well known. The quality of leadership that he brought to the Transition Commission guaranteed its success, and his

subsequent career as VA Secretary ensured that the vision for the future outlined in the Commission Report would guide the Department under his direction.

Outreach Activities

The Transition Commission paid considerable attention to the need to enhance outreach services for servicemembers and veterans in transition. The Veterans Benefits Administration (VBA) has significantly expanded its outreach activities in the years since the Commission released its report. The outreach program now includes a wide array of activities designed to assist veterans in understanding and applying for VA benefits, including transitional briefings for servicemembers and reservists and direct mailings of informational letters and brochures to both servicemembers on active duty and veterans immediately following separation.

Briefings remain one of the primary vehicles for disseminating VA information to those on active military duty. Over the past four years, VBA representatives have conducted more than 29,000 transition briefings for more than a million servicemembers. In addition to the 3-day Transition Assistance Program briefings conducted jointly with the Departments of Labor and Defense, VA also conducts retirement briefings, separation briefings, pre- and post-deployment briefings for Reserve and National Guard members, and overseas briefings.

Since November 2004, all persons inducted into the five military branches receive a pamphlet entitled *A Summary of VA Benefits*. This cooperative arrangement between VA and DoD ensures that inductees receive basic information on VA benefits and services for which they may become eligible.

VA and the National Guard Bureau signed an agreement in May 2005 to enhance access and services to veterans and to share information about VA benefits and services. They trained 54 National Guard State Benefits Advisors

who act as statewide points of contact, providing advice to Guard members and their families about VA benefits and services, and assisting them in resolving problems with VA healthcare, benefits, and TRICARE.

VA and DoD are collaborating to ensure VA is notified of servicemembers referred to the Physical Evaluation Board who may be medically separated or retired. This enables VBA to contact servicemembers who have not yet applied for disability compensation and inform them about potential benefits.

VA's Veterans Assistance at Discharge System generates the mailing of a "Welcome Home Package" that includes a letter from the Secretary of Veterans Affairs, *A Summary of VA Benefits*, and a veterans' benefits timetable to all veterans recently separated or retired from active duty.

VA and DoD Information Exchange

The Commission also observed the need for better communication between DoD and VA and urged that "VA and DoD establish a formal information business relationship to encompass all aspects of information exchange." In response, the two Departments established a Joint Executive Council (JEC). Under the JEC's oversight are the Health Executive Council (HEC), and the Benefits Executive Council (BEC). The Benefits Executive Council charter was signed in August of 2003, establishing the BEC as the official forum for senior level interaction between the Veterans Benefits Administration and the Department of Defense. The BEC's goals are to:

- identify challenges and remove barriers which impede collaborative efforts,
- assert and support mutually beneficial opportunities to improve business practices, and
- improve transitional services and benefit delivery processes for separating servicemembers.

The Benefits Executive Council meets quarterly and reviews BEC objectives as specified in the Strategic Plan of the JEC. VBA and DoD have worked jointly to coordinate outreach efforts and oversee the establishment of cooperative single physical examinations. In addition to the objectives specified in the Joint Strategic Plan, the BEC is often a valuable forum for other important shared interests and issues. For instance, in FY 2006 both the JEC and the BEC were briefed on the implementation of Traumatic Servicemembers Group Life Insurance (TSGLI) and research on the Total Force GI Bill concept. As I discuss specific benefit program changes that resulted from the Transition Commission's findings, I will cite numerous other examples of communication exchange and collaboration among VA, DoD, and DOL.

VA Support for Veteran-Owned and Service-Disabled Veteran-Owned Businesses

The Transition Commission stated in its report that the Federal government must become actively involved in providing support for servicemembers and veterans who are interested in establishing or expanding a small business. In August 1999, Congress enacted Public Law 106-50, "The Veteran Entrepreneurship and Small Business Act of 1999." Its passage led to the creation of the Center for Veterans Enterprise (CVE) within VA's Office of Small and Disadvantaged Business Utilization. The CVE promotes business ownership and expansion for veterans and service-connected disabled veterans and their participation in the Federal marketplace, with emphasis on VA.

The CVE's objective is to help VA reach the statutory procurement goal for all Federal agencies that at least 3% of total prime contract dollars be spent with service-disabled veteran-owned small businesses. Because of VA's leadership position in creating opportunities for veteran-owned enterprises, we have established a goal to spend at least 7% of prime contract dollars with veteran-owned small businesses. Through CVE, VA continually develops new and innovative

products and services that allow Federal agencies to easily locate veteran-owned and service-disabled veteran-owned small businesses. Further, VA is committed to helping these businesses participate in contracted Federal activities at both the prime contract and subcontract levels.

In 2004, the President issued an executive order titled "Providing Opportunities for Service-Disabled Veterans Businesses to Increase their Federal Contracting and Subcontracting." It specifically requires that Federal employees provide appropriate consideration to service-disabled veteran-owned businesses during the acquisition process. In compliance, VA added an element of performance standards for all personnel engaged in VA acquisitions and credit card purchases which ensure that Department-wide goals for veteran-owned businesses and service-disabled veteran-owned businesses are considered for all VA acquisitions.

Education Program

The Transition Commission had, as one of its priorities, a thorough review of VA's Education program. It acknowledged the enormous contribution made by the original GI Bill to the lives of millions of American veterans in the decades following World War II. But the commissioners also recognized that rapid technological and economic changes in recent years required an expanded, more flexible Montgomery GI Bill (MGIB) to transition veterans from the Armed Services back into the world of civilian employment. "If employment is the door to a successful transition to civilian life," the commissioners declared, then "education will be the key to employment in the information age."

Several of the Transition Commission recommendations to enhance the MGIB required legislative changes. The House Committee on Veterans' Affairs and VA have worked in partnership to produce legislation that incorporated many of these recommendations. As a result, VA now offers today's servicemembers and veterans more educational opportunities and increased benefit rates.

In addition to the traditional four-year college degree, veterans are also seeking other forms of training to gain employment and advance in the workplace. In response, VA worked with Congress to broaden the range of MGIB options to include entrepreneurial courses, licensing courses, and high technology certification courses.

For servicemembers and veterans who wish to pursue the traditional route, VA has worked to ensure that benefits keep pace with the rising cost of a college education. From October 2001 through October 2006, the full-time MGIB monthly rate was increased by almost 63 percent to $1,075. Servicemembers may further increase their full-time monthly benefit by contributing up to $600. If a servicemember decides to contribute $600, he or she will receive a $150 increase in the full-time monthly benefit. In addition, individuals pursuing high-cost technology courses may be eligible to receive up to 60 percent of the cost of their tuition in an accelerated lump-sum payment. Servicemembers in receipt of tuition assistance from the military services may now access their MGIB benefits to pay the difference between the tuition charged and the tuition assistance payable.

The Commission also noted that more needed to be done to promote the use of VA education benefits as a recruitment and retention tool for service in the military. As an enhancement to MGIB and to provide an additional retention incentive, servicemembers may now request to transfer up to 18 months of their MGIB entitlement to their dependents. Both the Air Force and Army have offered this incentive to certain qualifying servicemembers.

To improve outreach efforts, State Approving Agencies (SAAs) have become more involved in promoting veterans' education and job-training programs. The SAAs produced a video that tutors prospective employers on how to encourage participation by veterans in on-the-job training (OJT)

programs. Since 1999, enrollment in OJT programs has increased by more than nine percent.

The Transition Commission recommended that VA implement an electronic enrollment verification system. I am pleased to report that an automated verification of enrollment system became fully operational in July 2001. This system allows individuals to verify enrollment, notify VA of any reduction in course load, change their address, or establish direct deposit via the Internet.

The findings of the Commission had a significant impact on the Vocational Rehabilitation and Employment Program as well. Even the name of the program was changed from Vocational Rehabilitation and Counseling to emphasize the Commission's focus on the transition to employment. The Commission found that the program was too focused on training and that the provision of employment services was the weakest part of the program. To remedy the situation, the Vocational Rehabilitation and Employment (VR&E) Service embarked on a long-range strategy to emphasize employment outcomes.

Under the leadership of then VA Secretary Principi, a Vocational Rehabilitation and Employment Task Force was established to review the full range of program activities and recommend improvements. The Task Force published its findings in 2004 in a report titled "The Vocational Rehabilitation and Employment Program for the 21st Century Veteran." Responding to the more than 100 recommendations submitted by the Task Force, VR&E Service developed a comprehensive implementation plan to execute the changes.

The cornerstone of the implementation plan is an integrated, employment-driven service delivery system called the Five Tracks to Employment Model. The focus of the new Five-Track Model is on employment goals and on providing veterans with better information with which to make informed choices on

employment options. The five tracks are: Re-Employment, Rapid Access to Employment, Employment Through Long Term Services, Self-Employment, and Independent Living. A pilot test of the Five-Track Model was successfully completed in FY2005 and staff training on the new process and tools was completed in FY2006. In connection with this new model, Job Resource Labs are being established in all regional offices, and we have also developed the VetSuccess.gov website.

The VR&E Service also developed two new positions to provide better service to veterans. At the time of the Commission's report, the VR&E Service maintained a two-phase service delivery system in which a Counseling Psychologist evaluated the veteran, provided counseling, and developed a rehabilitation plan, and then transferred the veteran to a Vocational Rehabilitation Specialist who provided case-management and employment services. The Commission recommended that VA reform this system.

The Vocational Rehabilitation Counselor (VRC) position was established to combine the former roles of Counseling Psychologist and Vocational Rehabilitation Specialist, giving the VRC full responsibility for evaluating, planning, and case-managing a veteran's program from the beginning through rehabilitation. The VR&E Service also created the Employment Specialist position in regional offices to focus on employment for veterans determined to be job-ready. To meet the recommendations of the VR&E Task Force, the Employment Specialist position was changed to Employment Coordinator and expanded to incorporate employment readiness, marketing, and placement responsibilities. VBA now has 72 Employment Coordinators assigned to 56 regional offices.

The Transition Commission stated that VA should be able to report demonstrable improvements in a number of outcome measures. We have in fact achieved dramatic improvements in our critical measures of outcome. The

number of program participants successfully rehabilitated each year increased from the 8,693 reported in the Commission's report to 12,117 in FY2006 – a 39-percent increase. This number includes nearly 2,900 severely disabled veterans who achieved their independent living goals. Likewise, the rehabilitation rate improved from 52 percent to 73 percent – a 40-percent increase.

The VR&E Service has made great strides in providing seamless services to transitioning servicemembers by partnering with other agencies who share the mission of securing employment for veterans. A recent example is the memorandum of understanding signed in September 2006 between VA, DOL, DoD, and the Department of Homeland Security to provide benefits information and assistance to disabled servicemembers transitioning from military to civilian life.

VR&E staff in all regional offices and more than 100 outbased offices work closely with DOL-funded Disabled Veterans Outreach Program specialists (DVOPs) to assist veterans seeking employment. There are currently 71 DVOPs co-located in 35 VA regional offices and 26 outbased locations. These DVOPs have access to the same resources available to VR&E staff. The VR&E Service and DOL have also collaborated on training and have jointly written and produced live satellite broadcasts for DVOPs and VR&E counselors. DVOPs, as well as DOL staff, attended training sessions at two Five-Track pilot sites and learned about the functionality of the new Five-Track Employment Model. Joint training ventures such as this help ensure seamless delivery of services to veterans by both the VR&E Service and DOL. The VR&E Service and DOL continue to nurture the partnership with regularly scheduled meetings to discuss progress on current collaborations and future possibilities.

Another successful collaboration between the VR&E Service and DOL is the Disabled Transition Assistance Program (DTAP). DTAP is an integral component of transition assistance that involves intervening on behalf of service

members who may be released because of a disability or who believe they have a disability qualifying them for VR&E. The goal of DTAP is to encourage and assist potentially eligible service members in making an informed decision about participating in the VR&E program. It is also intended to facilitate the expeditious delivery of vocational rehabilitation services to eligible persons by assisting them in filing an application for vocational rehabilitation benefits.

DTAP briefings are generally conducted in conjunction with TAP briefings, but they customize transition information to the needs of veterans with service-connected disabilities who are potentially eligible for VR&E services. DTAP provides them with the first step to ensuring professional and personal success outside the military. The information provided during DTAP can help service-disabled veterans obtain the services needed to overcome the effects of injury and/or illness incurred in the line of duty. DTAP encourages and assists potentially eligible servicemembers in making informed decisions about the VR&E program. It also provides assistance to servicemembers in filing applications for VR&E benefits and educational counseling services.

The Transition Commission urged the Federal Government to market veterans to employers more effectively and more vigorously. In response, the VR&E Service has expanded its working partnerships within the Federal, private, and not-for-profit sectors to provide veterans early access to competitive career opportunities and training. These partnerships have increased VA's ability to provide timely and seamless employment services with positive rehabilitation results. Employer marketing and outreach activities have significantly increased the number of resources for on-the-job training programs and direct employment opportunities with local and national employers.

Probably no other VR&E Service effort demonstrates our commitment to the goals of the Transition Commission better than the aptly named Coming Home to Work (CHTW) initiative. Through this program, the services of VR&E,

including non-paid work experience assignments, are made available to VR&E-eligible servicemembers pending medical separation from active duty at eight primary Military Treatment Facilities. The CHTW program provides volunteer or non-paid jobs whereby OEF/OIF servicemembers gain work experience and exposure before they re-enter the civilian workforce. For some it may result in immediate employment after discharge. It helps others focus on the next steps to achieving their vocational goals. To date, 188 veterans have participated in CHTW activities, and VR&E Service is exploring expansion of the program at additional locations.

Loan Guaranty Program

The Commission also recognized the continuing importance of the VA Loan Guaranty Program for veterans purchasing a home, and offered recommendations on making the benefit more easily available to servicemembers and veterans in transition. In response, VBA again worked closely with Congress, first with the Benefits Subcommittee of the House Committee on Veterans' Affairs and more recently with this Subcommittee, to develop legislation that would help eligible veterans take advantage of the loan guaranty benefit.

One of the chief Commission recommendations was that reservist eligibility should be permanent. Public Law 108-183, enacted in December 2003, made permanent VA's authority to guarantee home loans for members of the Selected Reserve.

Through Public Law 108-454, the Veterans Benefits Improvement Act of 2004, VA's maximum loan amount became indexed to the Freddie Mac conventional conforming loan limit. As a result, VA no-downpayment loans are no longer limited to $144,000. Rather, the loan limits are now linked to the housing market and can

fluctuate based on the currently existing conditions of that market. While this law is advantageous to all veterans seeking a home loan guaranty, we believe it is especially helpful to veterans just out of active duty service and joining the workforce.

P.L. 108-454 also extended funding-fee exemptions to veterans rated eligible for compensation based on pre-discharge eligibility examinations, without regard to the date compensation will take effect. Prior to enactment, a veteran needed to be receiving compensation in order to be exempt from payment of the funding fee.

This year, Public Law 109-233, the Veterans Housing Opportunity and Benefits Act of 2006, was enacted. The legislation permits an eligible veteran or servicemember to receive up to three Specially Adapted Housing (SAH) grants, with the total dollar amount not to exceed the maximum allowable grant. Prior to the enactment of this law, most eligible veterans could only receive one SAH grant from VA. The law also makes SAH grants available to servicemembers and veterans who are temporarily living in a family member's home, which enables VA to provide for current needs and also assist veterans later in adapting their own homes.

I am proud to announce that VA reached a major milestone on May 13 of this year when we issued our 18 millionth home loan guaranty. Rob Laurent, an Army veteran and Purple Heart recipient, was discharged after four years in uniform with combat-related injuries he suffered in Iraq. As Mr. Laurent made the challenging transition back into civilian life, the VA loan guaranty program enabled him to purchase a home for himself and his family. I think this demonstrates, along with the other examples I have cited, our full commitment to the spirit and goals of the Transition Commission.

Mr. Chairman, this concludes my prepared testimony. I would be pleased to answer any questions you or members of the Subcommittee might have.

STATEMENT OF
CHARLES S. CICCOLELLA
ASSISTANT SECRETARY OF LABOR
FOR VETERANS' EMPLOYMENT AND TRAINING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

December 7, 2006

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss the *Report of the Congressional Commission on Servicemembers and Veterans Transition.* This report was transmitted to Congress on January 14, 1999. The Report discussed far reaching reforms for improving transition programs and employment assistance services for veterans. My testimony will focus directly on the 21 recommendations directed to the Department of Labor's Veterans Employment and Training Service (DOL/VETS). I have listed those recommendations below, along with the actions taken by DOL/VETS to address them.

Almost four years after the issuance of the Report, Congress enacted and the President signed the Jobs for Veterans Act (JVA), Public Law 107-288, on November 7, 2002. Many of the recommendations made by the Commission were codified by Congress and the responses reflect that as appropriate.

1. Recommendation. Begin the transition process earlier than 90 days prior to separation by extending the timeframe to start transition assistance – to one year prior to separation for separatees and two years prior to retirement for retirees. [47][1]

> **Response.** The recommended time frames for commencement of transition assistance are now established by law. The Veterans Education and Benefits Expansion Act of 2001, Public Law 107-103, established a requirement that Transition Assistance Program (TAP) services for servicemembers who will be retiring should commence as soon as possible during the two years prior to retirement and for others as soon as possible during the one year prior to discharge. This requirement applies to TAP components provided by the Department of Defense (DoD), the Department of Veterans Affairs (VA) and DOL.

[1] Note: The bracketed numbers that follow each recommendation note the source page(s) from the Report.

2. Recommendation. DoD, DOL, and VA: track program usage and outcomes in a coordinated fashion. [48]

Response. Many changes have occurred in TAP as a result of the Commission's recommendations. While TAP enjoyed many successes, it was apparent even more could be accomplished to better assist servicemembers and their spouses transitioning into the civilian labor market.

In August, 2001, the partner agencies (DOL, DoD, VA and the U.S. Coast Guard (formerly part of the Department of Transportation (DOT) and now part of the Department of Homeland Security (DHS)) convened the TAP Re-engineering Committee. Many recommendations for improvement were initiated and completed, including the reintroduction of the TAP Steering Committee in October 2002. This Committee consists of program decision makers from each of the agencies, including the military services. The meetings are held on a regular basis, address program issues, and ensure all agencies involved are sharing relevant information. One of the first orders of business was the agreement to better coordinate the collection and use of participant data and to discuss how to identify results after a service member has left the military. It was decided to include information on collecting workshop data as a part of the National Program Memorandum of Understanding (MOU) signed by the senior leadership of each agency. Specifically, it requires DOL to collect and provide DoD, VA and DHS (DHS became a signatory to the MOU when the Coast Guard was moved from DOT to DHS) quarterly data on the number of DOL TAP Employment Workshops conducted and the number of attendees at the Workshops. Data provided includes: branch of service hosting the workshop; number of retirees, separating members and spouses attending each class; total number of participants for each class; the breakdown of the workshop by service (Army, Navy, Air Force, Marine Corps and Coast Guard); the number of participants having more than 90-days left in the service; the number of participants with less than 90-days left in the service; and the organization that facilitated each workshop (i.e., a Disabled Veteran Outreach Program (DVOP), a Local Veteran Employment Representative (LVER), or any contractor.).

Also in 2002, as a result of the *Congressional Commission on Servicemembers and Veterans Transition Assistance* report, the JVA, was enacted. Included in this legislation were significant changes to the reporting requirements and data collection from the public employment services. One of the changes was a new reporting category entitled, "Transitioning Service Members." For the first time, those on active military duty who qualified for transition services (those separating in 12 months or retiring within 24 months) could receive focused employment services through the One-Stop Career Center system furnished by DVOPs and LVERs prior to separation or retirement. Since the members of this target group are not yet veterans, they occupy a unique status for reporting purposes. After separation or retirement, they fall under the category of "Recently Separated Veteran." This category is now defined as those who were

discharged or separated from active duty within the 36 months prior to registration. Both of these categories will better enable us to review the types of services needed and provided, including if the participant received unemployment compensation. Further, we can better track (1) how long these individuals continued to receive services, (2) when they were employed, and (3) how long they remained with this employer. Prior to this change in reporting it was extremely difficult to track former servicemembers in the One-Stop Career Center system because there was not a unique identifier available to us.

More recent improvements to TAP include expansion of the TAP employment workshop to overseas locations in Germany, England, Italy, Belgium, South Korea, and Japan (including Okinawa). In FY 2006 we conducted 706 workshops overseas to a total of 12,021 TAP participants. In the Continental U.S., we conducted 3,955 workshops to a total of 137,225 participants. That adds up to 4,661 workshops and almost 150,000 participants worldwide.

We are also making changes to the employment workshop curriculum, including new standards that will better serve our transitioning servicemembers.

Rapid demobilization of Reserve and National Guard units poses a challenge to providing comprehensive TAP Employment Workshop services. To meet this challenge, we are currently developing a modular version of the TAP Employment Workshop curriculum tailored to meet the needs of the Reserve Component and National Guard. We intend to implement this during Fiscal Year 2007 pending timely appropriations.

3. Recommendation. Establish an employment and training service priority for veterans who have a service-connected disability, face employment barriers, or are recently separated from active duty in all federally funded employment and training programs for which they are eligible. Disabled veterans would have a lifetime priority for employment and training services. Veterans facing employment barriers would have an employment service priority for as long as the barriers persisted. Veterans who were recently separated from the Armed Forces would have an employment and training services priority for 4 years from date of discharge or release. [49-58]

Response. The JVA contained a provision for priority of service for qualified veterans in all employment and training programs funded in whole or part by the Department of Labor. Since enactment of P.L. 107-288, DOL has identified 17 programs that fall into priority of service guidelines. The Department's Employment and Training Administration (ETA) has issued guidelines for all its programs that are impacted by priority of service. More information can be obtained from its web site (http://www.doleta.gov/programs/VETs). Contained on that web site is a link to its Training and Employment Guidance Letter (TEGL) that provides general instructions applicable to any of the DOL-funded employment and training programs affected by the JVA. Also, there is an informational link for priority of service on our website at www.dol.gov/vets.

4. Recommendation. Replace the DVOP and LVER programs with a new Veterans Case Manager (VCM) program to provide job-seeking skills, job development, and referral services to disabled veterans, veterans facing employment barriers, and recently separated veterans; and add a new Veterans' Employment Facilitator (VEF) program to facilitate TAP workshops and market veteran's employment to local employers. [49-59]

Response. DVOP and LVER roles have been revised pursuant to the JVA in a manner consistent with the Veterans Case Manager proposal. Prior to enactment of P.L 107-288, a workgroup was established by the Assistant Secretary for Veterans' Employment and Training to develop new roles and responsibilities for DVOPs and LVERs which were consistent with the proposed legislation. The guidance developed by the workgroup provided State Workforce Agencies (SWAs) the flexibility to provide employment and training services based on their individual state's needs. This effort was consistent with the JVA, which provided states greater flexibility in how they provide employment and training services to veterans, revised the formula for funding of SWAs, and amended the statutorily defined duties of DVOPs and LVERs. DVOPs are to provide intensive services (includes case management) to meet the employment needs of all veterans, providing priority of service to special disabled veterans, and other disabled veterans. This role is consistent with the Commission's recommendation for a Veterans Case Manager. LVERs' principal duties under JVA are to conduct employer outreach and job search workshops as well as to facilitate the employment and training services provided to veterans within the state workforce delivery system. Again, this role is consistent with that proposed by the Commission for LVERs.

The JVA also requires services to be provided to ease the transition of servicemembers to civilian careers. VETS currently provides TAP employment workshops for separating military personnel at 190 military bases worldwide. Additionally, VETS is providing TAP employment workshops for National Guard and Reserve troops returning from duty around the world. We are tailoring these workshops to fit the needs of the local returning unit.

5. Recommendation. Provide that grants or contracts for federally funded employment services for veterans under the VCM and VEF program be competitively awarded by DOL on a state-by-state basis so that the most cost-effective organizations provide services. [49-59]

Response. Current law prohibits this proposal. The JVA requires that we award funds to states under a statutory funding formula. The Act requires the Secretary to make funds available to each state, upon approval of a state's plan, to support the DVOP and LVER programs designed to provide employment services to veterans and transitioning servicemembers. The new formula provides up to four percent of the total amount available for allocation to states be available for distribution based on TAP workload and other exigencies.

6. Recommendation. Establish clear employment outcome measures such as veterans entered employment, case-managed veterans entered employment and veterans remaining employed for each year up to 3 years after entering employment for the competitively awarded grants for the VCM program. [49-59]

> **Response.** As required by the JVA, VETS established and implemented a performance and accountability system to measure the effectiveness of services provided to veterans through the One-Stop Career Center system. It quantifies the effectiveness of the state's workforce investment system in meeting the needs of disabled veterans, veterans, and transitioning servicemembers. The measures established are consistent with JVA and the Office of Management and Budget's (OMB) Common Measures reporting requirement for all employment and training programs, and are similar to the measures recommended by the Commission.
>
> VETS obtains performance outcome data for DVOPs on: Entered Employment Rate, Entered Employment Rate After Staff Assisted Services, Entered Employment Rate After Intensive Services, and Employment Retention Rate. The two key measures of the outcomes for DVOPs are Entered Employment Rate and Employment Retention Rate for both veterans and disabled veterans.

7. Recommendation. Establish clear outcome measures (such as employer contacts resulting in the hiring of veterans and satisfaction of TAP workshop participants) for the VEF program. [49-59]

> **Response.** The VEF duties, as described by the Commission, are consistent with the new responsibilities of the LVER as outlined in the JVA. We consider the LVER is carrying out the activities recommended by the Commission and we measure their performance with measures similar to those recommended by the Commission. The two outcome measures for LVERs are the same as DVOPS (Entered Employment Rate and Employment Retention Rate). The focus for LVERs is on transitioning servicemembers and veterans. We are currently unable to measure satisfaction of TAP employment workshop participants and do not have any performance measurement for TAP employment workshops.

8. Recommendation. Revise existing reporting requirements for process measures and relative performance standards for determining compliance with requirements for providing employment services to veterans. [49-59]

> **Response.** The President is committed to a results-oriented government, and Secretary Elaine L. Chao has taken the lead in implementing performance and accountability reform for federal employment and training programs.
>
> In 2004, the administration launched Common Measures, a new federal performance accountability system for federal employment and training programs, focusing on performance rather than process.

VETS and ETA worked together to define outcome measures, and as of July 1, 2005, these measures were implemented. We believe this initiative emphasizes the importance of holding Federal agencies accountable for objectively describing and achieving program results and statutory objectives. In the relatively short time-period since the outcome measures were defined, we have seen the veterans' Entered Employment Rate increase from 60% in Program Year (PY) 2004 to 62% in PY 2005 (i.e., the twelve-month period ending June 30, 2006).

9. Recommendation. Require that case management and employment services now being provided to VR&C (now VR&E) participants by VA-funded contractors be provided by VCM staff as part of the VCM program grant. [49-59]

Response. VETS and VR&E entered into a new Memorandum of Agreement (MOA) in October 2005. Among other things, the MOA established three work groups:

1. Performance Measures for Assessment of Partnership Program Results
2. National Veterans' Training Institute (NVTI): Curriculum Design
3. Joint Data Collection, Analysis, and Reports

We are working closely together to make improvements through the work groups. Currently VR&E has several methods available to provide employment services to its disabled veteran clients. While we believe DVOPs can and do provide substantial employment services to this group, VR&E needs to have some latitude to determine the best services available in the locale where the disabled veteran lives.

10. Recommendation. Require DOL to resolve significant discrepancies between the data from the BLS biennial report on the "Employment Situation of Vietnam-Era Veterans" (now called "Employment Situation of Veterans") and the VETS' ETA 9002 report regarding the number of veterans who use state job services. [49-59]

Response. We do not believe there are discrepancies between the two reports because the reports are different and each report tracks different data elements. The biennial report is a supplement to the monthly survey to determine unemployment rates for various categories of veterans. This survey is conducted by the Bureau of the Census for the Bureau of Labor Statistics (BLS). It is conducted in August of the odd years (next survey will be conducted in August 2007), and measures employment and unemployment rates as well as labor force participation. It is a survey of 60,000 households. The ETA 9002 report tracks veterans who register for services at the State Workforce Agencies or Career One-Stops. It does not report unemployment rates.

11. Recommendation. That VETS develop and maintain a systematic marketing program to inform employers about the opportunities veterans represent, to increase employer awareness of veterans' skills and character attributes, to help employers meet their need for highly qualified employees. [62]

> **Response.** The President's National Hire Veterans Committee established an aggressive, nationwide outreach and information system through the Hire Vets First Campaign (www.hirevetsfirst.gov). The campaign launched a comprehensive career oriented website that provides information for both the veteran and the employer. In October 2006, the website had over 38,000 unique visitors – a 100 percent increase in 8 months.

12. Recommendation. Require the President to establish an independent organization, the Veterans' Employment Network (VEN), to raise awareness of the advantages of hiring separating servicemembers and recently separated veterans; facilitate the employment of separating servicemembers and veterans through America's Career Kit, the national electronic labor exchange; direct and coordinate national, state and local marketing initiatives; be led by a Board of Directors consisting of high-level individuals representing constituencies integral to ensuring successful employment of servicemembers and veterans. [60-62]

> **Response.** By combining the HireVetsFirst marketing campaign with the newly constituted Advisory Committee on Veterans Employment and Training and Employer Outreach, we will continue to achieve success in improving employment outcomes for veterans.

13. Recommendation. Require DOL, DoD and VA to design, establish and maintain a customized, separate Veterans and Servicemembers Internet Site (VASIS) for servicemembers, veterans and employers on DOL's electronic platform. The Departments must also market VASIS to employers, associations of employers, veterans, veterans service organizations and military associations, and train employment service providers and servicemembers to use VASIS. [63-67]

> **Response.** The Recommendation for VASIS is being addressed through the DoD Transportal, which is being developed collaboratively between DoD and DOL.

14. Recommendation. Increase electronic information available on America's Learning Exchange (ALX) regarding credentialing requirements. [68-73]

> **Response.** As a result of a joint DOD-DOL study, in the fall of 2005, ETA launched a Credentialing Center on its America's Career InfoNet Web page, www.acinet.org. The Credentialing Center brings together five existing Web resources housed in separate locations into a single site to aid re-entering military personnel, military spouses, and civilian personnel in readily finding information on occupational qualifications and credential requirements obtained through certification, licensing, and apprenticeship. Veterans can crosswalk military

occupation specialty (MOS) skills against those needed for civilian credentials in health care professions using the Army's Credentialing Opportunities On-Line, another of the co-located resources. Additionally, veterans can use the *Licensed Occupations* link on the portal to investigate licensing requirements in a particular state, and find the name, address, and telephone number of the appropriate licensing board. Contact can be made in advance to determine if there is reciprocity between state or military training, or what must be done to become certified in the new location.

15. Recommendation. Ensure private sector apprenticeship sponsors are knowledgeable about and understand the quality of military apprenticeship training. [68-73]

Response. VETS, in conjunction with ETA's Office of Apprenticeship Training, Employer and Labor Services (OATELS) is formulating a public outreach and information campaign to advise employers, trade associations and unions about the military apprenticeship and training programs. This campaign includes notification to states through Veterans' Program Letters and ETA Directives about the military apprenticeship and training programs using resources such as the U.S. Army Credentialing Opportunities On-Line (COOL), as well as its Navy counterpart. Additionally, VETS and OATELS will be partnering through its state resources at future job fairs, to promote the knowledge and understanding of the quality of military apprenticeship training. Further, VETS will be working with OATELS to increase the awareness of apprenticeship training through the NVTI, as part of its on-going training of the 2300 LVER and DVOP specialists as well as TAP facilitators at military installations nationwide as well as overseas.

16. Recommendation. In conjunction with DoD and VA, determine the extent to which credentialing requirements present employment barriers for transitioning military personnel in occupations outside of the healthcare and aircraft maintenance fields. [68-74]

Response. In response to section 599 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, DOL and DoD conducted a study and issued a report. The report can be found at http://www.dol.gov/asp/media/reports/credentialing/. Additionally, the DoD and DOL have established a Credentialing Work Group and have been meeting on a regular basis on this issue. Information can be found on the following links:

- http://www.careeronestop.org/CREDENTIALING/CredentialingHome.asp
- http://www.careeronestop.org/MilitaryTransition/

The first link emphasizes credentialing and includes the military/veteran connection. The second link emphasizes the military-civilian transition and includes the credentialing connection.

17. Recommendation. Formalize and maintain the Joint Apprenticeship Steering Committee. [68-74]

Response. In August 1997, a few months prior to the publication of the Transition Commission's Report in June 1998, the American Legion published a report titled *Study of Licensure and Certification for Veterans*. That report focused on the rapid and widespread growth in certification and licensing as a key trend in worker credentialing. The Transition Commission itself did a follow up study on this issue. Consequently, DOL, DoD and VA have jointly and singly undertaken a large number of initiatives related to certification and licensing since that time.

Apprenticeship has its own distinct tradition of skill training that is highly valued, especially in certain craft occupations. Today, certification and licensing have wider occupational applicability. VETS expects to encounter more opportunities in the near future to become involved in initiatives focusing on apprenticeships rooted in military training, education and work experience.

18. Recommendation. DOL make JTPA IV-C (currently VWIP) training funds equitably available to all eligible veterans through a competitively selected executive agent, either a Federal, state, or nonprofit organization with ability to disburse funds nationally. Under this system, veterans' employment and service providers in all states (currently DVOP and LVER staff) would write training contracts for individual veterans until the pool of funds are exhausted. Training providers would submit their invoices for payment to the executive agent administering the funding pool. [74-78]

Response. The veterans' employment program formerly authorized under title IV, pt. C, of the Job Training Partnership Act has been replaced by the Veterans Workforce Investment Program (VWIP) under section 168 of the Workforce Investment Act of 1998. Currently VWIP funds are being used at locations that have documented specific issues based on such factors as unemployment levels, economic conditions and special veteran population needs. This approach has enabled VETS to enhance employment and training opportunities for recently separated veterans, service-connected disabled veterans as well as veterans with significant barriers to employment such as homelessness, formerly incarcerated or chronic barriers brought on by drug and alcohol abuse. In addition to VWIP, the priority of service that veterans receive in all DOL funded training programs makes substantial training opportunities available to veterans through the nation's One-Stop Career System.

This approach has also fostered partnerships with local workforce investment boards to increase funding as well as awareness of the needs for eligible veteran job seekers. Further, a number of grantees are working with other stakeholders including faith- and community-based service providers, and other Federal agencies including the Department of Veterans Affairs' Health Administration.

Using the Solicitation for Grant Application model, VETS can target special veteran populations, such as recently separated veterans, who may need short term training to become employed on a full-time basis, and then can use their Montgomery G.I. Bill entitlements for career enhancement.

19. Recommendation. That DOL, DoD and VA make veteran-hiring records a major factor when evaluating contract proposals. [78-81]

Response. The Department of Labor does not have the authority to evaluate employers' hiring records when it comes to evaluating a potential contractor. We are obligated to follow certain guidelines in the Federal Acquisition Regulations (FAR) in determining contractor qualifications. We are in the process of publishing final regulations for federal contractors based on changes to the contract threshold set by the JVA.

20. Recommendation. Mandate that solicitations issued by DoD, VA or DOL for the procurement, by contract or grant, of real or personal property or non-personal services require solicitees to include, for purposes of evaluating past performance, a description of their program for hiring and promoting qualified eligible veterans. As part of any required subcontracting plan, an affirmative commitment to hire eligible veterans as a specific percentage of the workforce. Provide that a contractor/grantee responding to a solicitation covered above will earn additional evaluation credit based on the likelihood of meeting the subcontracting goal regarding veterans as set out in its subcontracting plan. Provide that proposals found not to include an acceptable subcontracting plan will be rejected. Amend the current affirmative action requirements in Title 38 to substitute 'recently separated' veterans for 'Vietnam-era veterans,' and 'disabled veterans' for 'special disabled veterans.' [78-81]

Response. Current law does not allow us to include this in the federal contracting process. Under the Vietnam Era Veterans' Readjustment Assistance Act ("VEVRAA"), (38 U.S.C. 4212), contractors and subcontractors are obligated to take affirmative action to employ covered veterans but are not required to establish percentage hiring goals. Additionally, the affirmative action provisions of VEVRAA apply only to federal contracts and subcontracts; Federal grants are not covered.

Prior to amendment by the JVA, "Vietnam era veterans" and "special disabled veterans" were categories of veterans covered under VEVRAA. The JVA amendments to VEVRAA, which apply to contracts and subcontracts of $100,000 or more, entered into on or after December 1, 2003, changed the categories of veterans covered under the Act. JVA eliminated the coverage category Vietnam-era Veterans, added a new category of Armed Service medal veterans, expanded coverage for veterans with disabilities to include all veterans with service-connected disabilities, and expanded coverage of recently separated veterans form one year after discharge or release from active duty, to three years. VETS has proposed regulations to implement the changes to the reporting requirements

applicable to contractors with contracts entered into on or after December 1, 2003. Under the proposal, contractors would use the following categories when tracking and reporting the number of veterans in their workforces:

> Disabled Veteran means a veteran who: (i) is entitled to compensation (or who but for the receipt of military retired pay would be entitled to compensation) under laws administered by the Secretary of Veterans Affairs, or (ii) was discharged or released from active duty because of a service-connected disability.
>
> Other Protected Veteran means a veteran who served on active duty in the U.S. military, ground, naval, or air service during a war or in a campaign or expedition for which a campaign badge has been authorized.
>
> Recently Separated Veteran means a veteran, who served on active duty in the U.S. military, ground, naval or air service, during the three-year period beginning on the date of such veteran's discharge or release from active duty.
>
> Armed Forces Service Medal Veteran means a veteran who, while serving on active duty in the U.S. military, ground, naval, or air service, participated in a United States military operation for which an Armed Forces service medal was awarded pursuant to Executive Order 12985.
>
> Covered Veteran means a veteran as defined in the four veteran categories above.

21. Recommendation. Establish financial incentive program for State Employment Security Agencies.

> **Response.** The JVA established the requirement for performance incentive awards for quality employment, training and placement services to be administered by states. The Act stipulates that one percent of a state's total grant allocation shall be used for this purpose.

Thank you for the opportunity to testify on the Department's progress in implementing these recommendations. I would be happy to answer any questions.

STATEMENT

OF

MS. LESLYE A. ARSHT

DEPUTY UNDER SECRETARY OF DEFENSE

(MILITARY COMMUNITY AND FAMILY POLICY)

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
SUBCOMITTEE ON ECONOMIC OPPORTUNITY

OVERSIGHT HEARING

ON

COMMISSION ON SERVICEMEMBERS AND VETERANS TRANSITION ASSISTANCE RECOMMENDATIONS

DECEMBER 7, 2006

Not for publication until released by the Subcommittee

Executive Summary

The Department of Defense has made significant strides in implementing the recommendations made in the 1999 Congressional Commission on Service members and Veterans Transition Assistance report. In addition, DoD has implemented a variety of innovative new programs and initiatives to improve transition assistance for the total force.

DoD is working closely with the Departments of Labor and Veterans Affairs to assist separating Service members. A number of working groups and committees have been established to ensure that no separating Service member falls through the cracks. Together we have improved processes for delivering information to separating Service members, and for validating military credentials for use in obtaining civilian employment. All three departments have also worked to provide vital assistance to severely injured Service members.

Improvements have also been made to education benefits available to veterans. The maximum monthly allotment for Montgomery GI Bill benefits has been increased significantly, and new programs have been implemented by the Army to allow members to transfer benefits to their spouses if they choose.

We are making dramatic improvements to the Transition Assistance Program to meet the needs of our Reserve Components. DoD, with the assistance of DoL and DVA, is designing a dynamic automated web-based system for delivery of transition assistance and related information.

DoD remains committed to ensuring the best possible support for all of our separating veterans.

Chairman Boozman, Congresswoman Herseth, distinguished members of the Subcommittee, thank you for the opportunity to be here today to discuss the Department of Defense (DoD) Transition Assistance Program (TAP).

I feel it is particularly noteworthy that we come together today, sixty-five years to the day after President Franklin Delano Roosevelt proclaimed in a speech to Congress that December 7, 1941 was "a date which will live in infamy." As we all know, servicemembers of that generation measured up to the challenges then and it is quite apparent that their descendants continue to do the same today as they safeguard our nation's freedom. Today, as then, we require a great deal from our Armed Forces and I want to reaffirm the Departments' commitment to our separating servicemembers.

Returning to private life after serving in the military is a very complex undertaking. To assist them in doing so, we must empower servicemembers with the tools and information they need to fashion individual solutions to the challenges they will face as they return to civilian life. The Department of Defense, along with the Departments of Labor and Veterans Affairs, has worked to provide them a wide variety of tools, including the Transition Assistance Program, itself.

I am impressed by the dedication and willingness of our Federal partners to assist us in providing an assortment of highly desirable transition services. The cooperation and support we receive from the Department of Veterans Affairs and the Department of Labor are better than they have ever been. I do not want to steal their thunder by discussing the specifics of their efforts, but just let me say that you can be truly proud of the manner in which the Departments of Labor and Veterans Affairs, the Military Services, as well as private Veterans' Service

Organizations (VSOs) have continued to enthusiastically support our veterans. Obviously, the sustained interest and support of this Subcommittee is also vital to our efforts.

I would like, at this time, to provide an update on the Department's implementation of the recommendations that were submitted in response to the 1999 "Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance." However, since the Commission recommendations were made seven years ago, and the world has changed considerably in the interim, I would like to address additional TAP and other Departmental initiatives that we have implemented, or are in the process of implementing, beyond the Commission's recommendations.

EDUCATION BENEFITS

Since the Report, several initiatives and new laws have strengthened the Montgomery GI Bill (MGIB).

The GI Bill is vital to our recruiting efforts. Money for college ranks among the major reasons young men and women enlist. As of October 1, 2006, the maximum monthly allotment under the Montgomery GI Bill has increased from $528 per month to $1,075 per month. GI Bill enrollments increased from only 50% in its first year (in 1985) to nearly 97 % starting in the early 1990s and continuing at that level to this day. A total of 2.8 million men and women, from an eligible pool of 3.8 million, have opted to participate in the Montgomery GI Bill program.

Eligibility requires the Active, Guard, or Reserve member to serve at least two consecutive years on active duty. While a Service member who has met the requirement may use the GI Bill while still serving on active duty, it is primarily a veteran's benefit, thus, the program is administered by the Department of Veterans Affairs.

One very promising opportunity for military spouses was included in the National Defense Authorization Act for Fiscal Year 2000. This authorized the Service Secretaries to offer MGIB transferability to spouses of career servicemembers who reenlist or extend enlistment in critical skills areas. In July 2006, the Army announced the implementation of a pilot program that allows Regular Army enlisted Soldiers to transfer MGIB benefits to their spouses, if they reenlist to work in a critical skill area. The spouses' ability to pursue career goals benefits the families' financial stability while in the service and contributes to positive reenlistment decisions. Reenlistment is often a family decision made around the kitchen table.

The Department of Labor is also looking at ways to promote spouse employment, training and education as a significant contribution to the military families' stability. DOL has drafted a comprehensive strategic plan for military spouses that will begin to be implemented in the coming year.

As we move into the 21st Century, we must continue to build on the remarkable legacy of the visionaries who crafted preceding versions and improvements to the GI Bill.

TRANSITIONAL HEALTH CARE

The Transitional Assistance Management Program (TAMP) offers transitional TRICARE coverage to certain separating active duty members and their eligible family members. Under the National Defense Authorization Act for Fiscal Year 2005, TRICARE eligibility under the TAMP was permanently extended from 60 or 120 days to 180 days. After the TAMP eligibility expires, members and eligible family members may choose to enroll in the Continued Health Care Benefit Program (CHCBP). CHCPB provides a conversion health plan similar to TRICARE Standard for a specific time (18 months) to all former servicemembers and their families who pay quarterly premiums.

VERIFICATION OF MILITARY EXPERIENCE AND TRAINING

Another Commission recommendation the Department has supported is to improve access to the Verification of Military Experience and Training (VMET) document (DD Form 2586) by making it available to eligible members through a VMET internet site. This document provides descriptive summaries of the servicemembers' military work experience, training history, and language proficiencies. The VMET document also includes recommended college credits to be awarded based on an individual's military experience and training, as determined by the American Council on Education (ACE), and related civilian equivalent job titles, when such information is available. The VMET Web site, www.dmdc.osd.mil/appj/vmet/index.jsp, is available 365 days a year, and provides VMET documents on-demand. Since January 2003, over 1 million documents have been provided to current and former servicemembers.

The Department implemented the Commission's recommendation to use the Department of Labor platform to provide employment-related information for servicemembers and veterans. In September 1999, DoD transferred this responsibility to the Department of Labor. DOL established the DoD Job Search Web site (www.dod.jobsearch.org). This Web site provides employers with a link to transitioning servicemembers' resumes and access to job opportunity listings with military friendly employers for transitioning servicemembers.

CREDENTIALING

During the Preseparation Counseling phase of TAP, servicemembers learn where and how to access information relating to licensure, certification and apprenticeship. The Commission report raised concerns about credentialing as it relates to military occupational specialties and ratings. The Army, after doing extensive research, conducting gap analysis, and following a comprehensive review of the credentialing process, created "Credentialing

Opportunities On-Line "or Army COOL. This robust web site helps soldiers find civilian credentialing programs related to their military occupational specialty. It also helps them understand what it takes to obtain a credential and it helps them identify resources available to pay credentialing fees. This year, the Navy followed with Navy COOL.

The Preseparation counseling phase also includes a discussion of the Department of Labor's Web site, "CareerOneStop." One of the tools on this web site is the Credentials Center, which a Service member can use to locate State-specific occupational licensing requirements and agency contact information, information on industry-recognized certifications as well as the associated workforce education and examinations that test or enhance knowledge, experience or skills in an occupation or profession. These sites have been developed and improved through close partnerships between the Departments.

DoD and DOL have established a "Credentialing Working Group" to develop appropriate goals, objectives, and outcomes that will help remove credentialing barriers that some veterans and transitioning servicemembers face today.

THE FUTURE OF TAP

It is appropriate at this point to provide the Subcommittee with an overview of where we are with respect to TAP today and where we are headed in the future. Approximately 300,000 servicemembers have returned to the private sector every year since 2001. Of this number, approximately 90,000 per year are from the Guard and Reserve.

When TAP was initially developed in 1990, we did not design it with the needs of our National Guard and Reserve Components in mind. Their mission has changed dramatically since 9-11 and the requirements, with respect to TAP, warrant a fresh look.

To better meet the needs of the Guard and Reserve, DoD, with the assistance of DOL and DVA, has designed and will continue to enhance a dynamic automated web-based system for delivery of transition assistance and related information . This portal architecture will become the backbone of the updated DoD TAP process. It will enhance the current TAP. Usability, flexibility, adaptability, and individual customization are the keys to successful implementation of this new technology-enabled process. The goals for this system are to increase Service member participation and satisfaction. This portal will emphasize the important role of our transition counselors, while enabling servicemembers to access crucial information anytime, anywhere after they have completed the Preseparation Counseling Checklist (DD Form 2648 or DD Form 2648-1).

We are excited by the possibilities of this new Portal, which will complement and improve existing TAP services. Specifically, we will automate many TAP services, standardize TAP information, create an external communication link between TAP customers and service providers, as well as enhance the military-to- civilian experience.

We are updating our current preseparation guide for active duty personnel, and creating a new transition assistance guide specifically for the Guard and Reserve. This effort should be completed by the end of February, 2007. Both Guides will include traditional subject matter, but will also provide links to a wide variety of other transition-related Web Sites.

SUPPORT FOR THE SEVERELY INJURED AND WOUNDED

The Department is committed to providing the services and support required to meet the challenges that confront our severely injured and wounded servicemembers and their families. Since the start of the Global War on Terroism, there have been over 21,000 men and women wounded and injured in theater. Of those, just over 9,700 have not been able to return to duty

within 72 hours of the injury, and it's within this group that our severely injured – roughly half of this number (~4000) – reside. The fact that 11,000 do return to duty within 72 hours is a testament to the tremendous medical machine that we have in theater to tend to our wounded. Each Military Service has programs to serve their severely wounded from the war: The Army Wounded Warrior Program, or AW2; the Marine for Life Injured Support Program; the Air Force Palace HART Program; and the Navy SAFE HARBOR Program. DoD's Military Severely Injured Center (MSIC) is part of this effort to augment the support provided by the Services. The Center was established to make a long-term commitment and to fill the gaps and seams that may exist in individual Service programs. It reaches beyond the Department of Defense to other agencies, the nonprofit world and corporate America. What makes the Center unique is that it serves as a fusion point of four federal agencies – DoD, the VA, the Department of Homeland Security's Transportation Security Administration, and the Department of Labor – all serving under one roof united in a single cause.

For many, our role is seen as easing the rehabilitation and return to active service. For those whose service in uniform was curtailed by the injuries they sustained, we want their transition to civilian life to be as free of complications as possible. Additionally, we will help those communities across America that are prepared to embrace one of these returning heroes, with the hope that he or she will never spend a holiday alone, will never want for meaningful employment, and will never be left to wonder whether America has forgotten.

How will we accomplish these things? Let me cite just a couple of examples of how DoD with its partners at DOL and VA is making this happen. Under the Secretary of Labor's vision and leadership, DOL established the Recovery and Employment Assistance Lifelines (REALifelines) as a joint initiative among the Department of Labor, the Bethesda Naval Medical

Center and the Walter Reed Army Medical Center. REALifelines was designed to create a seamless, personalized assistance network to ensure that seriously wounded and injured servicemembers who cannot return to active duty are trained for rewarding new careers in the private sector. Today, REALifelines has been expanded from its initial two locations at Walter Reed Army Medical Center and Bethesda National Naval Medical Center to four additional military medical treatment facilities (Fort Carson, Brook Army Medical Center, San Diego, and Madigan). REALifelines staff provides employment assistance to severely injured and wounded servicemembers as they transition back into the civilian community to fulfill their employment potential and dreams.

Similarly, the VA Seamless Transition Office provides benefits and services to those who are returning home from the war with some of the most difficult physical, mental, and emotional challenges. Through VA Seamless Transition, professional VA Benefits Counselors and Social Workers have been placed at seven military treatment facilities and the VA Vet Centers also provide readjustment counseling to those in need.

CONCLUSION

Mr. Chairman, as I stated early in my remarks, the collaboration and partnership between DoD, DOL and VA are at an all time high. Before closing, I want to mention just a few other examples of how we are working together to solve some of the problems for which this Committee has expressed an interest.

The Department of Defense and the Department of Veterans Affairs have undertaken efforts to assert and support collaboration and sharing opportunities by establishing three interagency councils: the Joint Executive Council (JEC), Health Executive Council (HEC) and Benefits Executive Council (BEC). The JEC provides guidance and establishes policy for the

full spectrum of collaborative activities and initiatives between the two Departments. The HEC works directly for the JEC and is responsible for implementing a coordinated health care resource sharing program. The BEC also works directly for the JEC and it is responsible for examining ways to expand and improve benefit information sharing, refining the process for records retrieval, and identifying procedures to improve the benefits claims process.

We also have the TAP Steering Committee, with representatives from DoD, the Military Services, VA and DOL. This committee, chaired by DOL, meets quarterly to discuss and address issues and challenges that fall under the transition umbrella. They work to find solutions, conduct pilots, and look for new initiatives that will enhance and improve our current transition program and the overall quality of life of all members of our Armed Forces. DoD also serves as an ex-officio non-voting member on the Department of Labor's Advisory Committee on Veterans Employment, Training, and Employer Outreach.

In conclusion Mr. Chairman, on behalf of the men and women in the military today and their families, thank you and the members of this Subcommittee for your steadfast support during these demanding times.