

Education, Employment, and Training

During this time of persistent unemployment in our country, the veterans' community has been hit especially hard. Estimates as recent as October 2011 suggest that the unemployment rate among veterans returning from Iraq and Afghanistan is at least 3 percent greater than the national average.¹ Our veterans have made tremendous sacrifices for our nation, and Congress and the Administration must make a concerted effort to ensure that veterans have access to education, employment, and training opportunities to ensure success in an unfavorable civilian job market.

Unfortunately, given today's gap between civilian and military populations, it seems there are too few employers as well as veterans who know how to translate military skill sets into civilian occupations. Some in private industry may fail to understand the wealth of skills veterans as employees can bring to the workplace considering the wide array of skills they possess, training they've gone through, and disciplined work ethic, all of which are valuable skills in any industry today.

A 2009 CareerBuilder survey asked employers who have hired U.S. veterans or members of the National Guard to list the top attributes military personnel brought to their organization. Survey participants cited the following valuable traits possessed by those employees:

- disciplined approach to work (cited by 68 percent of employers surveyed),
- ability to work as part of a team (63 percent),
- respect and integrity (57 percent),
- leadership (50 percent),
- problem-solving skills (46 percent),
- ability to perform under pressure (44 percent), and
- communication skills (37 percent).²

It is critical that today's military men and women have the ability to correlate their leadership experience and military competencies to nonmilitary job sectors. In recognition of veterans' employment challenges, Congress passed the VOW to Hire Heroes Act, an important step in improving veterans' job prospects.

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Assisting those who have honorably served to secure the proper skills, certifications, and degrees so that they can achieve personal success is and should always be central to our support of veterans. In addition, disabled veterans often encounter barriers to entry or reentry into the workforce. The lack of appropriate accommodations on the job can make obtaining quality training, education, and job skills especially problematic. These difficulties, in turn, contribute to low labor force participation rates and leave many disadvantaged veterans with little choice but to rely on government assistance programs. At present funding levels, entitlement and benefit programs cannot keep pace with the current and future demand for such benefits. The vast majority of working-age veterans want to be productive in the workplace, and we must provide greater opportunities to help them achieve their career goals.

¹ U.S. Bureau of Labor Statistics, *Employment Situation, Table A-5. Employment status of the civilian population 18 years and older by veteran status, period, service, and sex, not seasonally adjusted* (October 21, 2011). <http://www.bls.gov/news.release/empst.t05.htm>.

² Have You Hired a Veteran Today?, Aug 26, 2011, p. 1, Employers Targeting U.S. Veterans for Hiring, New CareerBuilder Survey Finds. <http://thehiringsite.careerbuilder.com/2011/08/26/have-you-hired-a-veteran-today/>.



Education

In 2008, Congress enacted the Post-9/11 GI Bill and ensured that today's veterans have greater opportunities for success after their years of voluntary service to our nation. *The Independent Budget* veterans service organizations (IBVSOs) were pleased with the quick passage of this landmark benefit and worked with Congress to quickly correct unforeseen inequities via the "Post-9/11 Veterans Education Assistance Improvement Act of 2010." Since the publication of *The Independent Budget for Fiscal Year 2012*, Congress has amended the Post-9/11 GI Bill and opened eligibility for active duty service under Title 32 National Guardsmen orders, standardized reimbursement rates for students attending private colleges and universities, offered living stipends to distance learners, and increased flexibility for vocational and certificate program reimbursement. Congress has also improved living stipend metrics for Post-9/11 GI Bill-eligible veterans who choose to take advantage of the Vocational Rehabilitation and Employment (VR&E) program.

Unfortunately, only two years into the robust Post-9/11 GI Bill, some aspects of the benefit may be at risk as a result of a small number of predatory, for-profit schools that have chosen to exploit veterans for financial gain, by providing insufficient academic support while veterans are attending classes, as well as poor postgraduation employment assistance.

When it was signed into law, leaders in Congress and in the veterans' advocacy community touted the prospect that the Post-9/11 GI Bill could create a new "Greatest Generation," offering critical job skills and training to a new generation of leaders. However, the IBVSOs are very concerned about the continued viability of the Post-9/11 GI Bill, should predatory practices continue or become more prevalent. This landmark benefit is too important to our veterans and our nation to allow any hint of impropriety.

The IBVSOs believe that it is imperative for the Veterans Benefits Administration and the Department of Education, in combination with the state approving agencies (SAAs), to refine metrics on student-veteran outcomes and also combine their resources to monitor postsecondary educational institutions that accept the Post-9/11 GI Bill in order to curb predatory practices.

The IBVSOs are also concerned that the Post-9/11 GI Bill may be vulnerable to budgetary attacks as the conflicts in Iraq and Afghanistan draw to a close. The benefits of the Post-9/11 GI Bill must continue to remain available to honor the sacrifice of our nation's veterans. To support this request, the Department of Veterans Affairs must develop the metrics to accurately measure the short-term and long-term impacts of these educational benefits. The IBVSOs believe that the Post-9/11 GI Bill is an investment not only in the future of our veterans but also our nation.

VETSUCCESS ON CAMPUS:

The Department of Veterans Affairs must develop outreach to veterans on college campuses by strategically selecting locations and working with veterans to determine the services that will help them succeed.

In June 2009, the Department of Veterans Affairs established the VetSuccess on Campus program, whose purpose is to help veterans succeed in completing their college educations. VetSuccess on Campus is part of VA's Vocational Rehabilitation and Employment (VR&E) program and is available to all veterans utilizing the Post-9/11 GI Bill, but only at a limited number of schools.

The VetSuccess on Campus program places VA vocational rehabilitation counselors and outreach coordinators on college campuses to provide vocational testing, career and academic counseling, and readjustment counseling services to veterans pursuing higher education opportunities. The program is currently limited to the following eight campuses: the University of South Florida, Cleveland State University, San Diego State University, Rhode Island College, Rhode Island Community College, Texas A&M Central Texas, Arizona State University, and Salt Lake Community College. VA has plans to expand the program to additional college campuses in the near future. The expansion would use a formula of campuses with veteran populations of 800–1,200 students.³

This program is positioned to provide a substantial level of assistance to student veterans at a pivotal time in their transition to a civilian lifestyle and occupation. Given the fact that during FY 2011 there were approximately 555,000 student veterans using the Post-9/11 GI Bill to attend school on more than 6,000 campuses, it would seem that, while the program has expanded, there is even greater opportunity for its further expansion to all campuses with 800–1,200 student veterans. Extending this base level program to any other campuses in FY 2012 or 2013 will, however, require additional resources.⁴

As VA actively seeks to increase the number of campuses included in the VetSuccess on Campus program, it must ensure that additional campuses are strategically selected. A comprehensive rubric for selecting campuses should include the number of veterans on campus, other resources available to veterans, and

geographical location relative to other educational institutions. *The Independent Budget* veterans service organizations believe that by selecting campuses that can benefit the greatest number of student veterans, the VetSuccess on Campus program will have a broad impact on veterans seeking higher education.

In addition, veterans use Post-9/11 GI Bill benefits and other VA educational opportunities at many types of educational institutions, including online campuses. VA must proactively reach out to these students to ensure that those attending nontraditional campuses benefit from the VetSuccess on Campus program as well. To reach these student veterans, VA should establish a virtual VetSuccess on Campus program that is available initially to veterans at nontraditional schools. If determined to be successful, the model may be expanded to campuses with lower veteran populations.

VA must continually assess the model, including the types of staff skill sets needed to effectively assist student veterans. Successfully completing a degree program is a measure of success, but this measure alone will not determine the extent to which the program assisted the veteran.

Regular evaluation of the program should occur throughout a student's academic career. Upon graduation, exit interviews with willing student veterans will help VA to build upon successes and make any needed changes.

Recommendations:

VA should seek to partner with other student services to act as a liaison between veterans and other assistance programs open to the nonveteran student population, particularly individuals with disabilities.

Congress must conduct appropriate oversight to ensure that VA is properly expanding and evaluating the VetSuccess on Campus program.

VA must expand the VetSuccess on Campus by strategically determining new campuses based on student veteran population standard of between 800 and 1,200 per campus, geographical location in comparison to VA medical care, and other resources available to veterans.

VA must continually evaluate the success of the VetSuccess on Campus program by measuring student veterans' use of the program and the role the program plays in their completion of educational programs.

VA should ensure that VetSuccess on Campus staff gain the essential knowledge and skill set necessary to meet the needs of the general student veteran population, including guidance in navigating through the Post-9/11 GI Bill.

³ House Veterans Affairs Committee, Subcommittee on Economic Opportunity, Prepared Statement of Thomas J. Pamperin, Deputy Under Secretary for Disability Assistance, Veterans Benefits Administration, U.S. Department of Veterans Affairs, 06/02/2011.

⁴ VA Reaching Out to Veterans on Campus Through VetSuccess: New Agreements Recently Reached to Ease Transition from Active-Duty Military, VA Press Release. <http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2070>, March 11, 2011.



VA'S COORDINATION WITH STATE APPROVING AGENCIES IS INSUFFICIENT TO PREVENT FRAUD:

The Department of Veterans Affairs and state approving agencies must work together to ensure that only quality education programs can receive GI Bill funding.

Leaders in Congress and in the veterans' community have discovered instances of predatory practices among some proprietary schools receiving Post-9/11 GI Bill funds. In 2009, for-profit schools received more than a third of all GI Bill funds, while graduating less than 30 percent of all enrolled student veterans.⁵

As widespread allegations surfaced across the higher education industry, the Department of Education sanctioned five schools, including four for-profit institutions, for excessive default rates among students.⁶ The Department of Justice also filed a civil suit against one such institution for its predatory practices.⁷

Despite these troubling findings from the Departments of Education and Justice, all the schools in question have continued to receive Post-9/11 GI Bill dollars. To *The Independent Budget* veterans service organizations (IBVSOs), this represents a critical disconnect between the gatekeepers of veterans' education programs, the state approving agencies (SAAs), and the ultimate approving authority for GI Bill-eligible schools, the Secretary of Veterans Affairs.

A recent Government Accountability Office report highlighted the fraudulent and questionable practices exhibited by certain for-profit institutions,

particularly those receiving nearly 90 percent of their revenue from federal sources.⁸ To the IBVSOs, this report highlights the urgency of the issue and the need for improved oversight and coordination among state and federal agencies responsible for auditing and certifying schools.

Title 38, Code of Federal Regulations, clearly outlines the duties of SAAs, including their periodically inspecting schools receiving GI Bill funds. The authority of SAAs was established by Congress in 1947 to ensure that veterans and eligible dependents can use the GI Bill educational entitlement in an approved educational program. Under contract with VA, the key function of SAAs is to ensure that education and training programs meet VA standards through a range of approval entities and activities. Today, under contracts with VA, SAAs ensure that education and training programs meet federal VA standards through a variety of activities, such as evaluating course qualifications, assessing school financial statistics, and monitoring school progress.

Furthermore, Title 38, Code of Federal Regulations, clearly mandates that the Secretary of Veterans Affairs is the final approval authority for all schools to become eligible. Unfortunately, a major disconnect persists between the Secretary and the SAAs since the Secretary is expressly prohibited from exerting

any kind of control or oversight over the SAAs. This tenuous relationship demands scrutiny from both the IBVSOs and Congress to ensure that SAAs can competently assess GI Bill-eligible schools and that the Secretary asserts his authority to approve and disapprove schools.

Although the Secretary cannot oversee the SAAs, the Veterans Benefits Administration should have unlimited access to information already gathered and tracked by the Departments of Education, Justice, and Defense. This would allow the VBA to make fact-based and informed decisions on educational institutions serving veterans and receiving federal funding. Moreover, if another federal agency or department has sanctioned institutions of higher learning for predatory or other questionable practices, the Secretary must have the authority to sanction the same schools.

The IBVSOs must note that the SAAs are not solely responsible for the current situation. In the early 2000s, the SAAs faced losing their funding altogether. Thankfully, they succeeded in securing mandatory funding in 2006. When the Post-9/11 GI Bill took effect in August 2009, the scope of the SAAs' responsibilities changed dramatically. However, due to the mandatory funding model, resources have remained stagnant. The IBVSOs believe that SAAs cannot possibly be expected to carry out their duties without the proper resources.

Recommendations:

Congress should grant the Secretary of Veterans Affairs the authority to leverage all available information sources, including that of the state approving agencies and the Departments of Defense, Justice, and Education, to make an informed decision on program eligibility and institutions that will receive federal GI Bill funding.

Congress should grant the Secretary the authority to sanction schools when a federal agency or department cites an institution of higher learning for predatory or other questionable practices.

Congress must also revisit the funding mechanism for the state approving agencies to ensure that they have the resources necessary to properly carry out their mission of inspecting GI Bill-eligible programs.

⁵ Sen. Tom Harkin, *Benefitting Whom? For-Profit Education Companies and the Growth of Military Educational Benefit* (December 2010). <http://harkin.senate.gov/documents/pdf/4d01011f6076e.pdf>.

⁶ U.S. Department of Education, *Default Rates Rise for Federal Student Loans* (September 2011). <http://www.ed.gov/news/press-release/default-rates-rise-federal-student-loans>.

⁷ U.S. Department of Justice, *U.S. Files Complaint Against Education Management Corp. Alleging False Claims Act Violation* (August 2011). <http://www.justice.gov/opa/pr/2011/August/11-civ-1026.html>.

⁸ *For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices*. <http://www.gao.gov/products/gao-10-948t>.



METRICS TO TRACK GI BILL AND EDUCATION BENEFITS SUCCESS ARE INSUFFICIENT:

The Department of Veterans Affairs must track metrics beyond simple enrollment and benefit usage to be able to gauge education program success.

The Veterans Benefits Administration (VBA) previously tracked individual enrollment and benefit usage by veterans utilizing GI Bill benefits; however, beginning with the 2011–12 academic year, the VBA has begun to track graduation rates. This limits VA's ability to measure the number of veterans using their education benefits at a given time and how much of that benefit has been used to date. Put simply, the Department of Veterans Affairs has no metrics to determine whether students who use their benefits achieve their academic goals.

Without proper metrics, VA, Congress, and *The Independent Budget* veterans service organizations (IBVSOs) cannot accurately assess the effectiveness of GI Bill programs or correct inefficiencies.

The Department of Education (DOE) surveys all schools receiving Title IV funding to track dozens of metrics and data points. Its oversight role allows the department to consistently monitor and analyze programs like Pell Grants and Stafford Loans. Using such metrics, the DOE can detect trends among

schools that may not be delivering the kinds of outcomes expected by the taxpayers; using this information it can take corrective action. However, the DOE does not track veterans' benefits on its surveys. Since VA has not yet developed the capability to collect and utilize this kind of data, the IBVSOs believe there may be loopholes that are opening education benefits to fraud and abuse.

Recommendation:

The Veterans Benefits Administration must quickly develop methods to monitor GI Bill usage similar to those being used by Department of Education to survey Title IV–funded schools. In this manner, VA will be able to detect trends among schools that may not be delivering the kinds of outcomes expected by taxpayers.



Training and Rehabilitation Services: Vocational Rehabilitation and Employment

Vocational rehabilitation for disabled veterans has been part of this nation's commitment to veterans since Congress first established a system of veterans' benefits upon entry of the United States into World War I in 1917. Today the Vocational Rehabilitation and Employment (VR&E) Service, through its VetSuccess Program, is charged with preparing service-disabled veterans for suitable employment or providing independent living services to those veterans with disabilities severe enough to render them unemployable.

Approximately 48,000 active duty, Reserve, and Guard personnel are discharged annually, with more than 25,000 of those on active duty found “not fit for duty” as a result of medical conditions that may qualify for VA disability ratings. With a disability rating the veteran would potentially be eligible for Vocational Rehabilitation and Employment services.⁹ According to the most recent report from the Government Accountability Office (GAO) on VR&E services, the ability of veterans to access VR&E services has remained problematic.

In 2003, the GAO designated federal disability programs, including those at VA, as high risk because they had difficulty managing their programs and were in need of transformation.¹⁰ In March of 2004, the VR&E task force, created by the Congressional Commission on Service members and Veterans Transition Assistance (Commission), released its report, with 110 recommendations for VR&E service improvements.¹¹ As a direct result of that report, the

VR&E Service implemented the Five-Track Employment Process, which strengthened the program's focus on employment. While important adjustments were made in numerous areas, VR&E's incentive structure for veterans remains primarily aligned with education and training programs, with no financial incentive for those seeking immediate employment.

In response to the 2004 VR&E Task Force report, VA implemented 100 out of the 110 VR&E Task Force recommendations. In the eight years since this task force report, VA has identified other significant opportunities in its continuing efforts to enhance service to veterans. VR&E's current transformation effort, for example, focuses on modernizing and streamlining services using a “veteran-centric approach.”¹²

While the Veterans Benefits Administration has implemented most of the 110 VR&E task force recommendations, *The Independent Budget* veterans service organizations continue to support its recommendations as well as those of the Commission¹³ to further enhance this important benefit by

- expanding access to all medically separated service members;
- making all disabled veterans eligible for vocational rehabilitation and counseling services;
- screening veterans rated as individually unemployable for other VR&E assistance;
- implementing satisfaction surveys of participants and employers;

- creating a monthly stipend for those participating in the employment track of VR&E's programs and creating incentives to encourage disabled veterans to complete their rehabilitation plans;
- increasing the ratio of VR&E counselors and case managers to handle a growing caseload;
- effectively tracking and reporting on participants to provide greater clarity on the utilization of the Five-Track Employment model;
- tracking employment outcomes that are measured longer than 60 days after hiring; and
- eliminating the current 12-year eligibility limit for veterans to take advantage of VR&E benefits.

In FY 2011 there were more than 107,000 participants in one or more of the five assistance tracks of VR&E's VetSuccess program. Of those who chose the vocational rehabilitation and employment track, approximately 9,900 were deemed fully rehabilitated. This decrease from FY 2010 when 10,038 veterans were successfully rehabilitated is likely the result of the variances in the subsistence allowance versus the housing allowance that were in effect before the passage of the "Post-9/11 Veterans Educational Assistance Improvements Act of 2010."¹⁴ As a result of this law, veterans with service-connected disabilities who participate in a program of vocational

rehabilitation under chapter 31 of Title 38, Code of Federal Regulations, who are also entitled to Post-9/11 GI Bill education benefits, are now allowed to choose whether to receive the monthly housing stipend payable under the Post-9/11 GI Bill or a monthly subsistence allowance.

It is readily apparent that VR&E is working to maximize its limited resources. Its work will continue as the number of veterans in the various phases of VR&E programs is expected to increase as more service members return from the conflicts in Iraq and Afghanistan. Even though the focus of the VR&E program has changed to career development and employment, it is not clear whether VA is able to meet the current and future demand for employment services without additional resources.

⁹ Congressional Research Service, Veterans' Benefits: The Vocational Rehabilitation and Employment Program, Order Code RL34627, August 21, 2008, p. CRS-12.

¹⁰ GAO-09-34, VA Vocational Rehabilitation and Employment: Better Incentives, Workforce Planning, and Performance Reporting Could Improve Program, 7.

¹¹ GAO-09-34, 1.

¹² Prepared Statement of Ruth A. Fanning, director, Vocational Rehabilitation and Employment Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs, Committee on Veterans' Affairs Subcommittee on Economic Opportunity, United States House of Representatives, March 31, 2011.

¹³ Congressional Commission on Service members and Veterans Transition Assistance, January 14, 1999.

¹⁴ S.3447, "Post-9/11 Veterans Educational Assistance Improvements Act of 2010," PL 111-377.



VOCATIONAL REHABILITATION & EMPLOYMENT PRODUCTIVITY:

Productivity of the VA Vocational Rehabilitation and Employment Service is not sufficient to meet the needs of our nation's veterans in a timely manner.

The task before Vocational Rehabilitation and Employment's (VR&E) VetSuccess program is critical, and the need becomes clearer in the face of the statistics from the current conflicts. Since Sept. 11, 2001, there have been more than 2.2 million service members deployed. Of that group, more than 941,000 have been deployed two or more times.¹⁵ As a result, many of these service members are eligible for disability benefits and VR&E services if they are found to have an employment handicap. Specifically, 43 percent may actually file claims for disability.¹⁶ Due to the increasing number of service members returning from Iraq and Afghanistan with serious disabilities, VR&E must be provided the resources to further strengthen its program. There is no VA mission more important than that of enabling injured

military personnel to lead productive lives after serving their country.

In the face of these facts, of concern to *The Independent Budget* veterans service organizations (IBVSOs) are the current constraints placed on VR&E as a result of an average client to counselor ratio of 145:1 compared to the VA standard of 125:1. VR&E, working through outside contractors, continues to refine and refocus this important program so it can maximize its ability to deliver services within certain budgetary constraints. Given the anticipated caseload that future downsizing of the military will produce, a more concise way to determine staffing requirements and a more rigorous manpower formula must be developed.

Also, VR&E continues to have to rely on Corporate WINRS or CWINRS, a legacy case management system that provides support to schedule and track appointments, authorize, and track payments to facilities and contract service providers and maintains a history of events for each veteran. The acronym CWINRS was derived from the five VA regional office pilot test stations for the original program—Winston-Salem, Indianapolis, Newark, Roanoke, and Seattle—and is a case management enterprise national information system with the Veterans Benefit Administration.¹⁷ Given the VBA's efforts to upgrade its disability claims information technology (IT) systems, an upgrade of VR&E's Corporate WINRS system is, hopefully, also part of this endeavor. In addition, the IBVSOs believe that there should be additional study to determine whether VR&E's current tracking of a veteran participating in the program remains employed beyond the current 60-day period. We have long been concerned that this length of time is not sufficient as a measure of success since most employers have probationary employment periods in excess of 60 days. After the veteran has been placed, is the minimal follow-up by VR&E with the employer sufficient? We believe it is not at present.

Given the continued concern that the VR&E staffing ratio of 145:1 is not sufficient to provide the full range of services to a growing potentially eligible disabled veteran population, additional staff will be essential if VR&E is to also track veterans within the current 60-day early employment period or measure employment success beyond that period.

Inconsistent case management, with lack of accountability for poor decision making, has been an ongoing concern for the IBVSOs. In response, VR&E has expanded its quality assurance staff and increased the frequency of site visits from every five years to every two-and-one-half years. We look forward to the results of this program.

Recommendations:

VA needs to strengthen its Vocational Rehabilitation and Employment (VR&E) program to meet the demands of disabled veterans, particularly those returning from the conflicts in Afghanistan and Iraq. It must provide a more timely and effective transition into the workforce and provide placement follow-up with employers for a minimum of six months.

Congress must provide the resources for VR&E to establish a maximum client to counselor standard of 125:1 and a new ratio of 100:1 to be the standard.

VR&E must place a higher emphasis on academic training, employment services, and independent living to achieve the goal of rehabilitation of severely disabled veterans.

Congress should provide the resources to support the expansion of VR&E's quality assurance staff to increase the frequency of site visits.

Congress and the Administration must ensure that VR&E is provided the necessary resources to upgrade its legacy Corporate WINRS and the new VetSuccess information technology platform as part of the Veterans Benefits Administration's upgrade of its larger IT systems.

¹⁵ DOD "Contingency Tracking System," Number of Deployments for Those Ever Deployed for Operation Iraqi Freedom and Operation Enduring Freedom, as of Dec. 31, 2010.

¹⁶ VCS Releases Updated War Statistics, VCS Releases "Iraq and Afghanistan War Impact Report," VA Confirms Nearly 712,000 Iraq and Afghanistan War Veteran Patients," VA Benefits Activity: Veterans Deployed the Global War on Terror," through May 2011, Jul. 2011, Oct. 3, 2011. <http://www.veteranstoday.com/2011/10/03/vcs-releases-updated-war-statistics/>.

¹⁷ Department of Veterans Affairs Office of Inspector General Combined Assessment Program, Review of the VA Regional Office, Houston, Texas, Report No. 03-02725-93, p. 5, Feb. 27, 2004.

VOCATIONAL REHABILITATION AND EMPLOYMENT FUNDING ACCOUNTABILITY:

The VA Vocational Rehabilitation and Employment program needs to be accountable to ensure successful employment outcomes for veterans with disabilities.

Vocational rehabilitation and employment services are critical to helping eligible service members and veterans with service-connected disabilities obtain the skills necessary to help them reintegrate into the workforce. Participation in the workforce is particularly critical for veterans with the most significant disabilities since employment provides individuals with not only financial but also social benefits that contribute to an enhanced sense of purpose.

Ten years of war coupled with stagnant employment opportunities mean that the number of veterans with disabilities requesting and receiving vocational rehabilitation and employment programs will likely continue to increase. Compounded by high unemployment rates across all sectors, competition for many employment opportunities is harder than ever. VA's Vocational Rehabilitation and Employment (VR&E) services are critical to ensuring that veterans with disabilities have the competitive edge to win precious employment opportunities.

The ultimate accountability measure for VR&E funding is whether eligible veterans actually use the services to obtain long-term employment or live independently. Despite continued efforts to improve VR&E services, however, a significant number of veterans still do not successfully complete their rehabilitation plans. Although reasons for failing to complete rehabilitation are varied, VR&E must ensure that its programs and service delivery are not a common contributing factor. Furthermore, VR&E must take steps to develop mechanisms to provide the supports that

veterans need to address barriers to completing their rehabilitation plans.

For veterans who obtain employment, VR&E must provide increased follow-up to ensure that veterans have long-term employment success. Currently, veterans with disabilities who maintain a suitable job for 60 days are considered to be rehabilitated. Unfortunately, 60 days may not provide a sufficient period to determine whether a veteran will be successful in his or her new job.

Ultimately, the VR&E program must continue to streamline processes and implement metrics that will determine areas for improvement and allow for constrained resources to be used as efficiently as possible. Veterans who need VR&E services must be able to receive them through a delivery system that is veteran-centric and understands the needs of veterans with varying life experiences and responsibilities. These factors greatly impact vocational rehabilitation.

Recommendations:

Congress must conduct oversight to ensure that Vocational Rehabilitation and Employment (VR&E) program services are being delivered efficiently and effectively.

VR&E must develop and implement metrics that can identify problems and lead to solutions that effectively remove barriers to veteran completion of VR&E programs.

VOCATIONAL REHABILITATION AND EMPLOYMENT NATIONAL SURVEY AND PERFORMANCE DATA:

The Department of Veterans Affairs should improve the accuracy of its data on performance and veteran participation in the Vocational Rehabilitation and Employment program and conduct research to determine why veterans fail to complete the rehabilitation process.

The VA Vocational Rehabilitation and Employment (VR&E) program performance reports claim a rehabilitation rate of 70 percent; however, those results do not reflect the significant number of program participants who fail from the start as a result of veterans not keeping initial appointments with VR&E counselors.

According to the Government Accountability Office,¹⁸ VR&E began excluding from the total active cases veterans who discontinued from the program for reasons considered beyond VR&E's control. Specifically, VR&E excluded veterans from the calculation if they accepted positions deemed incompatible with their disabilities, were considered employable but were no longer seeking employment, and were unemployable as a result of medical or psychological reasons.

In its 2011 Performance Accountability Report, VA reported a 74 percent rehabilitation rate in 2009 and 76 percent in 2010.¹⁹ However, these calculations exclude 5,002 veterans in 2009 and 7,160 veterans in 2010 who discontinued participation without a rehabilitation plan. Had those excluded veterans been counted, the true VR&E success rate would have totaled 45 percent for 2009 and 43 percent for 2010, well below the numbers that were actually reported.

The number of veterans requiring VR&E services is expected to increase as service members leave the military at a higher rate following the wind-down of decade-long hostilities in Southwest Asia. Earlier this year, President Obama announced plans to withdraw 10,000 troops from Afghanistan by the end of this year and a total of 33,000 by September 2012,²⁰ meaning that the United States will need to see significant job creation to provide good jobs for returning service members. To add to the problem, there were roughly 200,000 more veterans in the labor force this June than there were a year earlier, according to the Bureau of Labor Statistics.

Until the data accurately reflect the number of active cases vis-à-vis the number of veterans successfully placed in employment, the true efficacy of this critical program will remain in question. Congress previously sought to address the problem by enacting P.L. 110-389, section 334.²¹ The law required VA to conduct a longitudinal study of the long-term outcomes of its vocational rehabilitation programs and the accuracy of reporting over a 20-year period for those veterans who began participating in the program during fiscal years 2010, 2012, and 2014. To date, funding has been provided internally by VA.

The Independent Budget veterans service organizations appreciate Congressional efforts to fully examine this critical program, given its potential to provide fresh insights on the complex issue of how best to deliver services to our nation's veterans. Nevertheless, the effort toward more accurate reporting as a basis for evaluating success must continue. As VA learns more about veteran nonparticipation from performance data gathered through this study, performance metrics should factor in the aforementioned group of veterans, which should result in the development of interventions that can be implemented and evaluated during the life of the study.

This study should include an acute focus on the reasons veterans discontinue participation in VR&E programs and provide a foundation for designing interventions that mitigate discontinuance at historically high rates.

Recommendation:

Congress must provide the necessary funding to carry out the longitudinal study over a period of at least 20 years as directed by P.L. 110-389, section 334.

¹⁸ <http://www.gao.gov/new.items/d0934.pdf>; 09-34 Report.

¹⁹ Department of Veterans Affairs 2011 Performance and Accountability Report, Part II, Part II—Performance Summaries by Integrated Strategy, p. II-55.

²⁰ <http://www.whitehouse.gov/the-press-office/2011/06/22/remarks-president-way-forward-afghanistan>.

²¹ P.L. 110-389, "Veterans' Benefits Improvement Act of 2008," Oct. 10, 2008, p. 28.

VOCATIONAL REHABILITATION AND EMPLOYMENT ELIGIBILITY:

Congress must change the eligibility requirements for the Department of Veterans Affairs Vocational Rehabilitation and Employment program to increase access to services.

Veterans must apply for Vocational Rehabilitation and Employment (VR&E) services within 12 years of the date of their military separation or upon notification by VA of a service-connected disability rating conferring eligibility. Services that seek to return veterans to the workforce and allow them to live independently should be greatly encouraged. Many veterans, however, are either not informed of their eligibility for VR&E services or do not fully understand the benefits of these services.

Although many veterans may not understand their eligibility or the value of VR&E services, other veterans who are initially eligible may not need the services until after the 12-year delimiting period has expired. Even though VR&E may assist eligible veterans who file applications for services outside of the 12-year delimiting period if the applicant has a serious employment handicap, veterans who would be entitled to services may believe that they will not be able to receive assistance. Furthermore, others who do apply after the 12-year delimiting period may not be able to receive assistance.

Because the mission of VR&E is to assist veterans with disabilities related to their service requiring rehabilitation to actively engage in the workforce and live independently, the arbitrary timeline for eligibility must be removed. Eliminating VR&E's delimiting date would allow veterans to access the VR&E

program on a needs basis for the duration of their employable lives. Veterans would still be subject to the applicable service caps.

Additionally, if a veteran has been deemed eligible for VR&E service, entitlement should be assumed. Currently, it can take several months for a veteran to begin a program of training. This occurs primarily because VR&E must validate entitlement to services. It is very rare, however, that a veteran is not found to be entitled for VR&E services. At the very least, this process must be streamlined to help veterans expeditiously begin receiving VR&E services.

Recommendations:

Congress must eliminate the 12-year delimiting period for Vocational Rehabilitation and Employment (VR&E) services to ensure that veterans with employment barriers or problems with independent living qualify for services for the entirety of their employable lives.

Congress should study changing the current program eligibility standards to determine if doing so would streamline the process for veterans to receive VR&E services by making all veterans eligible who have been assigned a service-connected disability rating regardless of the percentage.

INDEPENDENT LIVING: CRITICAL REHABILITATION COMPONENT LIMITS ENROLLMENT AND TARGETS MAXIMUM PARTICIPATION TO 30 MONTHS:

Congress should eliminate the 30-month maximum time frame for program participation for independent living services and the statutory cap of 2,700 new, per annum, Independent Living Program participants.

The Independent Living (IL) Program, established by Congress in 1980, focuses on providing services to veterans with severe disabilities. The program's goal is to provide the necessary services to veterans to enable them to achieve maximum independence in daily living. One unique benefit of this program is that funding needed to acquire necessary equipment or services can be readily obtained for the seriously disabled veteran. Using IL funds can save many months, perhaps a year of waiting if the veteran would pursue the needed accommodations through other VA grants. Waiting for needed accommodations can have a negative effect on the rehabilitation of the veteran.

Recently, Vocational Rehabilitation and Employment (VR&E) has made improvements to the program with the addition of a second national IL coordinator along with establishing standards of practice in the delivery of IL services.

P.L. 111-275 places a cap of 2,700 new veterans per year into the IL program. Congress originally placed a cap on enrollment 30 years ago when the program was introduced as a pilot. Through the years that cap was increased to the current level.

VR&E must monitor newly enrolled IL cases monthly to track total IL new participants with respect to the legislative cap. On average, 2,300 new veterans per year have enrolled in IL services in recent years. Monitoring this cap requires time and documentation throughout the local, regional, and national network of the VA rehabilitation specialists. This required monitoring consumes valuable time that should be used working with disabled veterans.

The current conflicts are producing severely injured veterans each month who could benefit from IL services. If the mandatory cap has been reached for a fiscal year, these veterans must wait until the next year to be admitted. This is not the response necessary to deal with severely injured veterans.

Independent living services were limited to a 30-month maximum for a veteran, but VR&E recently provided the means to extend the time period when necessary. Unfortunately, this 30-month time frame remains the standard for IL services unless otherwise requested by the veteran or VR&E counselor. Each veteran enrolled in IL services should be informed by VR&E of an option to request an extension of enrollment.

Recommendations:

Vocational Rehabilitation and Employment (VR&E) should be given additional professional full-time employment slots with specialist counselors who are fully trained in all program options offered by VR&E, including independent living.

Congress should eliminate the 30-month maximum program participation for IL services and the statutory cap of 2,700 new, per annum, VR&E Independent Living Program participants.

VA should require VR&E to inform each veteran enrolled in IL services of the option to request an enrollment extension.

VA should conduct additional training within the VR&E program so each VR&E counselor is knowledgeable of the Independent Living Program.

OUTREACH TO LOCAL AND NATIONAL EMPLOYERS:

Educating employers on how to connect with the veterans' community, on the local and national levels, is vital to ending rampant unemployment and increasing economic opportunities for veterans nationwide.

Despite the fact that a growing number of employers want to hire veterans, recent studies reveal that many potential employers find connecting with employable veterans difficult. Adding to this problem is the difficulty many veterans and employers alike face in translating military skills and experience into relevant civilian employment qualifications. To address this problem, recently Congress enacted the VOW to Hire Heroes Act of 2011,²² which will assist veterans in translating their military skills and training to civilian sector jobs. Additionally, Vocational Rehabilitation and Employment's VetSuccess Program implemented online search portals and résumé job boards designed to allow veterans and businesses to search for VA and non-VA resources that can connect employers with potential employees. Other VA programs include an on-the-job training program, the Special Employer Incentive Program, and the Non-Paid Work Experience Program.

These programs represent progress toward addressing unemployment in the veterans population. Several other federal programs offer employment services for veterans, but their effectiveness is questionable. In addition to the Department of Labor's Veterans' Employment and Training Service and the Small Business Administration's Veterans Business Outreach Program, state agencies offer One-Stop Career Centers that appear to replicate many of the services of these federal programs. Asking veterans to navigate the labyrinth of government programs and

services serves to diminish the reach and potential of otherwise effective government programs.

Establishing a centrally managed web portal to coordinate and customize both government and non-government vocational services for veterans and employers would have the potential to reduce the bureaucratic burden and provide a path toward employment. Such a system would be well served by a partnership between VA and non-VA employment resources, such as veterans service organizations and nonprofits that focus on under-served segments of the disabled veteran population. *The Independent Budget* veterans service organizations commend VA for entering into a number of cooperative agreements with private organizations. Nevertheless, we urge a more integrated, results-oriented approach to addressing the unique employment needs of disabled service members and veterans.

Recommendation:

VA must work in concert with the Department of Labor, the Small Business Administration, and applicable state agencies to develop and implement a single-source database and employer outreach interface geared toward facilitating contact between veterans seeking jobs and employers.

²² P.L. 112-56, Nov. 21, 2011.

VOCATIONAL REHABILITATION AND EMPLOYMENT COUNSELING PARTNERSHIPS:

Cooperative partnerships between the Department of Veterans Affairs and state agencies, via agreement with the Department of Education's Rehabilitation Services Administration, do not provide the full array of benefits and customized services to veterans in key demographics.

Despite the constellation of vocational rehabilitation services for veterans offered by the Departments of Education, the Department of Veterans Affairs, and state vocational rehabilitation agencies, unacceptable rates of unemployment persist in the disabled veteran community. Veterans in demographics that were not historically deployed to combat theaters in substantial numbers, such as women and members of reserve components, now factor into the problem, and at even higher rates of unemployment. Women veterans' unemployment reached 14.7 percent for 2011 compared to 9.2 percent for 2010.²³ Unemployment among National Guardsmen and Reservists peaked at 25 percent despite protections afforded under the "Uniformed Services Employment and Reemployment Rights Act," which were intended to prevent this very circumstance.

Cooperative agreements between federal and state agencies have led to progress in addressing unemployment across all demographics, for both service- and nonservice-connected veterans. Through memoranda of agreement, state agencies function as extensions of the Department of Education. However, as discussed earlier, far too many veterans are unaware of these services. Many unemployed veterans without severe physical or mental disabilities remain on waiting lists or are directed to other programs because their situation falls too low on the "Order of Selection" scale²⁴ to receive services from those state agencies.

Because of the Order of Selection option that states can exercise, it is possible for an unemployed veteran to meet the vocational rehabilitation agency's eligibility requirement and still never get served because other individuals, determined to have more significant disabilities, get served first. This is, in large part, due to competing priorities that prevent many states from meeting the state-federal 20/80 matching ratio they must satisfy in order to receive federal "maintenance of effort" funding necessary to maintain effective vocational assistance programs.²⁵ More service members will return from deployment as operations in the Middle East wind down, and many will turn to these state resources in pursuit of employment, which will further strain state resources.

For disabled veterans who need employment services, many must work with state counselors who are unfamiliar with the unique aspects of combat-acquired post traumatic stress disorder or traumatic brain injury. Such injuries make sustainable job placement a challenge, a similar problem that plagued Vietnam veterans. Research published in August 2010, indicated that in comparison to both nonveterans and veterans who never engaged in combat, Americans returning from combat face significant socioeconomic challenges, as evidenced by consistently higher rates of disability and unemployment. "Veterans who saw combat started their work lives at a relative disadvantage that they were unable to overcome," the research reported. "Soldiers exposed to combat were more likely than non-combat veterans to be disabled and unemployed in their mid-20s and to remain so throughout their worklife."²⁶ To exacerbate the problem, this challenge extends to women veterans and reservists who were exposed to combat, for which a solution has not been developed.

A number of non-VA, constituency-focused providers are better positioned to provide the targeted outreach and customized vocational assistance necessary to meet the needs of these uniquely challenged veterans, many of whom will exist among the wave of returning service members who may swell the job search pool next year. Yet those aforementioned cooperative agreements between VA and state agencies do not consider how potential nongovernmental partners could augment VA and state agencies in order to better address the needs of veterans who require more than conventional career assistance services.

VA can meet this need through cooperative agreements with nongovernmental agencies, nonprofit organizations, and veterans service organizations through structured referral processes intended to supplement services by state agencies that cannot serve lower priority veterans due to budget shortfalls and understaffing.

The importance of a new collaboration was acknowledged with the passage of the “VOW to Hire Heroes Act of 2011,” which now authorizes government agencies to forge partnerships with nonprofit organizations in the development of job mentoring programs.²⁷ These job mentoring relationships are inextricably linked with career search and development processes, thus should seamlessly bind the efforts of state and federal agencies with those of nongovernmental and nonprofit organizations that are more often committed to ensuring career sustainability long after initial placement.

The Independent Budget veterans service organizations believe state agency and VA Vocational Rehabilitation and Employment program staff would greatly benefit from training conducted by subject matter experts on the functional challenges of traumatic brain injury, post-traumatic stress disorder, spinal cord injury, and other disabilities to improve the delivery of vocational intervention services to those veterans.

Recommendation:

The Department of Veterans Affairs should improve its partnership with state agencies by incorporating the services of non-VA counselors and constituent-specific vocational assistance programs (those that cater to women, combat-exposed, paralyzed, blind, amputee, traumatic brain injured, etc.) to ensure that all veterans, regardless of demographic status, receive the full array of benefits and level of customization necessary for meaningful and effective vocational intervention.

²³ U.S. Bureau of Labor Statistics, Division of Labor Force Statistics, Economic News Release Last Modified Date: October 07, 2011. <http://www.bls.gov/news.release/empsit.t05.htm>.

²⁴ Order of Selection for Vocational Rehabilitation Services. http://www.ilr.cornell.edu/edi/publications/PPBriefs/PP_23.pdf.

²⁵ GAO-09-798. Vocational Rehabilitation Funding Formula, Options for Improving Equity in State Grants and Considerations for Performance Incentives. <http://www.gao.gov/new.items/d09798.pdf>.

²⁶ Sociologist Finds Combat Veterans Face More Lifelong Socioeconomic Challenges. American Sociological Association. http://www.asanet.org/press/combat_veteransfacemorelifongsocioeconomicchallenges.cfm.

²⁷ <http://veterans.house.gov/vow>.



VOCATIONAL REHABILITATION AND EMPLOYMENT STAFF TRAINING AND CONTINUING EDUCATION:

VA Vocational Rehabilitation and Employment counselors need to have appropriate training and participate in meaningful continuing education to ensure quality services for veterans.

The efficacy of vocational intervention relies on the competence and knowledge of the vocational rehabilitation counselor tasked to provide such services. Consequently, Vocational Rehabilitation and Employment (VR&E) counselors must have the proper training to be able to provide veterans with the vocational rehabilitation services that will allow them to work and live independently. Specifically, counselors should possess professional certification through the Commission on Rehabilitation Counselor Certification. VA should require counselors to be accredited to help ensure that only knowledgeable counselors are assisting veterans with vocational rehabilitation. Furthermore, to retain this certification, accredited counselors must complete continuing education or pass a re-examination.

Additionally, initial and continuing education must better address key segments within the veteran demographic who present complex education and job placement issues. These segments include veterans who are catastrophically disabled, homeless, single parents, and/or mentally ill. In order to provide effective vocational support services for these veterans, VR&E counselors need a more intimate understanding of the vocational barriers particular to each segment. Where traditional vocational rehabilitation methodologies chiefly focus on mere job placement, research supports that a holistic approach to vocational intervention is critical to sustainable post-rehabilitation success.²⁸ This can include improving access to education resources, ensuring quality health care, providing family/community support, and other support activities that address other concerns in the

veteran's life, thus allowing for a more acute focus on vocational recovery.

VA must ensure that vocational rehabilitation counselors have appropriate training and certification, whether through an outside accrediting body or through a VA-specific accreditation process. In lieu of requiring certification through an outside accrediting body, VA should develop a VA-specific certification for all VR&E counselors. If VA chooses to develop a VA certification, it must consult with outside stakeholders, including the Commission on Rehabilitation Counselor Certification, the Department of Education's Rehabilitation Services Administration, and veterans service organizations. The VA certification process must require rigorous continuing education elements and provide counselors with the resources needed to ensure that they are able to benefit from these opportunities, particularly for counselors with extremely high caseloads.

VA must implement a targeted training program that familiarizes VR&E staff with the special needs and vocational challenges inherent in key segments of the

veteran demographic. In order to ensure such training is timely and relevant, VA should regularly solicit the input of veterans service organizations, nonprofit organizations, and subject-matter experts that represent the interests of those special-needs constituencies.

Recommendations:

VA must ensure that vocational rehabilitation counselors have appropriate training and certification, whether through either an outside accrediting body or through a VA-specific accreditation process.

VA must implement a targeted training program that familiarizes Vocational Rehabilitation and Employment staff with the special needs and vocational challenges inherent to key segments of the veteran demographic.

²⁸ "A predictive model of employment identified 4 factors associated with employment: education, community mobility, functional independence, and decreased medical complications. Other variables significantly associated with employment included community integration, independent driving, independent living, higher income, and life satisfaction." Anderson C.J., and L.C. Vogel, "Employment outcomes of adults who sustained spinal cord injuries as children or adolescents," *Arch Phys Med Rehabil* 83(6): 791-801.



VR&E AND DEPENDENTS: EDUCATION TRACKS ARE INSUFFICIENT FOR A SIGNIFICANT NUMBER OF DISABLED VETERANS WITH FAMILIES:

VA stipends fall short of adequately assisting veterans undergoing vocational rehabilitation and employment while supporting dependents.

Veterans with families are the second-largest demographic that relies on vocational assistance as a means of enhancing economic opportunity and independence. They also present with the most pressing need for meaningful long-term employment. However, a great number of severely disabled veterans cannot complete vocational rehabilitation due to the lack of financial support necessary to engage in extensive vocational assistance programs while bearing the immediate and costly burden of supporting a family.

The intent behind vocational rehabilitation is well established: to provide veterans who are disabled as a result of their service with the resources necessary to achieve economic self-sufficiency through

gainful sustainable employment. The adequacy of these resources heavily depends on whether a veteran's life circumstances are conducive to successful completion of a program intended to result in enhanced economic opportunity in the future. Where that opportunity is deferred due to the length of time it takes to complete such programs, immediate demands, such as bills, family, and security, often rival a focus on vocational recovery. As veterans with spouses and/or children tend to utilize Vocational Rehabilitation and Employment program employment tracks at a rate higher than disabled veterans without dependents, these services must address the immediate concerns of veterans with dependents. Absent this, alternatives to vocational recovery that do provide supplemental payment for the cost of

caring for children and other dependents, such as Social Security Disability Insurance and Supplemental Security Income, become more attractive options than an uncertain, often-protracted investment in future economic viability.

Veterans seeking vocational intervention and assistance present with differing needs. For those with families who receive training, rehabilitation, and education services through VA, assistance with the cost of supporting a family, including cost-of-living increases, is imperative to successful completion. Increased living stipends and child care vouchers for veterans undergoing vocational rehabilitation would provide the foundational support necessary to

successfully complete such programs while maintaining some semblance of quality of life for the family. In doing so, the veteran is not forced to choose between remaining on government assistance in order to stay on the socioeconomic margin of security versus sinking below the poverty level in the short term in order to pursue a long-term educational and vocational rehabilitation track.

Recommendation:

Congress should provide child care vouchers, linked to cost-of-living increases, for veterans who have families and are undergoing vocational rehabilitation.



Employment and Entrepreneurship

Veterans have been hit disproportionately hard by our nation's economic downturn and, according to the Bureau of Labor Statistics, the job prospects for Iraq and Afghanistan-era veterans are particularly bleak. This is why *The Independent Budget* veterans service organizations (IBVSOs) have chosen to focus on fixing systemic shortfalls that keep veterans from securing meaningful employment and entrepreneurship opportunities upon leaving the military.

In June 2010, the Society for Human Resource Management conducted a survey on attitudes and practices related to employment of service members and veterans. Problems reported by private industry included the inability to find veterans, the lack of resources to address veteran-specific concerns, and, most important, the failure of private industry to correlate military job skills to civilian competencies.

The IBVSOs have long suspected that a military credentialing gap and the lack of understanding of military culture contributed to jarring unemployment statistics for veterans. In 2006 the Department of Labor sought to address this gap by commissioning a demonstration project on military credentialing, which to date has not been completed.

The IBVSOs believe that the path to a successful transition from military to civilian life begins with thorough Transition Assistance Program classes.

While leaders within the Department of Defense, VA, and the Department of Labor have acknowledged the need for additional resources to aid in this difficult transition, we still have serious concerns over what these changes have produced in the way of quality programs for a successful transition. The overall lack of measurable data makes it impossible for the IBVSOs, Congress, and federal agencies to adequately assess program successes and shortfalls, thus making it difficult to provide valid recommendations for improvement.

Many veterans are independent leaders who many times may choose to create their own business ventures. The IBVSOs wholly support veteran entrepreneurs, and advocate for improving programs designed to ensure veterans can succeed in the corporate world. Programs like the Center for Veterans Enterprise provide critical tools to aspiring veteran entrepreneurs, but more needs to be done to connect veterans to the available resources. We also believe that set-aside contracts must go to verifiable veteran-owned and service-disabled veteran-owned small businesses.

In these difficult economic times it is especially important that Congress focus on improving veterans' access to their earned employment benefits and programs.

TRANSITION ASSISTANCE PROGRAMS:

Successful transition from military service to civilian life hinges on veterans' ability to be competitive in the workforce; therefore, it is imperative that Congress ensure proper funding for transition assistance programs and that the programs are continually updated to meet increasing needs of those repatriating from overseas deployments.

The Transition Assistance Program (TAP) was developed to assist military families leaving active service. The Department of Labor (DOL) began providing TAP employment workshops in 1991, pursuant to section 502 of the "National Defense Authorization Act for Fiscal Year 1991" (P.L. 101-510). It is an interagency program delivered in partnership by DOL and the Departments of Veterans Affairs, Defense (DOD), and Homeland Security (DHS).

Returning to civilian life is a complex and exciting time for service members. TAP and the Disabled Transition Program (DTAP) will, generally, now be mandatory thanks to the "VOW to Hire Heroes Act" (P.L. 112-56) and will result in the program becoming an even greater benefit in meeting the needs of separating service members as they transition into civilian life. The VOW to Hire Heroes Act:

- Directs the DOD and DHS to, generally, require the participation of members of the armed forces being separated from active duty, and their spouses. Waivers of participation would be permitted for those whose participation is not, and would not be, of assistance since such members are unlikely to face major readjustment, health care, employment, or other challenges associated with transition to civilian life; and for those with specialized skills who are needed to support imminent deployment.
- Requires the DOL to conduct a study and provide a report to Congress to identify any equivalencies between the skills developed by members through various military occupational specialties and the qualifications required for various positions of civilian employment. These skills equivalencies will be published on the Internet and updated regularly.
- Directs the DOD to ensure that each member participating in TAP receives an individualized equivalencies assessment and to make each assessment available to VA and the DOL.
- Requires VA to contract, within two years, with appropriate contractors to provide members being separated from active duty, and their spouses, with appropriate TAP services.
- Authorizes the DOL, VA, the DHS, and the DOD, in carrying out TAP, to contract with private entities that have experience with instructing members on relevant topics on job training and job searching, including academic readiness and educational opportunities.
- Authorizes the DOD and DHS, as part of TAP, to permit an eligible member to participate in an apprenticeship or pre-apprenticeship program that provides them with the education, training, and services necessary to transition to meaningful employment.
- Directs the Comptroller General to conduct a review of TAP, and to submit review results and recommendations to Congress.
- Treats an individual as a veteran, a disabled veteran, or a preference eligible for purposes of appointments to federal competitive service positions if the individual meets all other qualifications except for the requirement of discharge or release from active duty under honorable conditions, as long as such individual submits to the federal officer making the appointment a certification that he or she is expected to be discharged or released under honorable conditions within 120 days after submission of the certification. Requires the director of the Office of Personnel Management to (1) designate agencies to establish a program to provide employment assistance to members being separated from active duty and (2) ensure that such programs are coordinated with TAP.
- Requires the inclusion of TAP performance measures in annual DOL reports on veterans' job counseling, training, and placement programs.²⁹

As noted above, as part of the new TAP, eligible members will be allowed to participate in an apprenticeship or pre-apprenticeship program that provides them

with education, training, and services necessary to transition to meaningful employment. These new TAP classes will also upgrade career counseling options and résumé writing skills, as well as ensuring the program is tailored for the 21st century job market.

Currently, TAP consists of the following five components:

- pre-separation counseling conducted by the respective military services,
- employment workshops presented by the Department of Labor,
- veterans benefits briefings conducted by VA,
- DTAP facilitated by VA, and
- personalized coaching and practicum.³⁰

TAP is also available for eligible demobilizing service members in the National Guard and reserves. It is organized to address the following four areas:

1. transition counseling—mandatory and conducted by the military services
2. “Uniformed Services Employment and Reemployment Rights Act” (USERRA) briefing (normally conducted by the DOL)
3. veterans benefits briefings—facilitated and sponsored by VA
4. DTAP facilitated and sponsored by VA

Efforts to improve both TAP and DTAP are under way. The scope of the changes was noted in DOL testimony before the House Veterans Affairs Committee of June 2, 2011:³¹

- redesign both TAP and DTAP to assess each individual’s readiness for employment, and their interests;
- updating the content of the employment workshop, to include workshops on employment readiness;
- providing skilled contract facilitators who are trained using newly developed program standards;
- providing an online, e-learning platform that will serve as a comprehensive resource for all service members, veterans, Reserve component members, wounded warriors, and spouses.
- providing customized coaching by phone or online for 60 days after participants attend the workshop; and

- performing metrics and satisfaction surveys after program completion, during the job search phase, and once employment has been obtained.

The Independent Budget veterans service organizations (IBVSOs) understand the plan is to begin piloting the redesigned workshops starting in January 2013 and to roll out the new workshops to all CONUS DVOP/LVER facilitated TAP sites by the end of FY 2012 and to the remainder of the overall sites by Dec. 31, 2012. We look forward to the fielding of the improved TAP and DTAP whose classes are often the only opportunity a service member, or qualifying family member, has to receive the critical information vital to sustaining their quality of life after the military.

The transition from a military career to a civilian and corporate sector career involves a major cultural shift. Veterans not only need employment but often need assistance in making this life-changing adjustment as well. This time of transition is one of the most stressful and challenging times experienced by many veterans. After spending years becoming part of a military culture, service members who leave the military face a new unknown culture when they step into a civilian role or corporate career. This transition is often complicated by injuries they received, both visible and invisible, while serving their country. As battlefield medicine continues to save more lives, VA and the DOD, DOL, and DHS must be ready to adapt and change their current transition and education programs to meet the needs of today’s veterans.

Service members leaving the military with service-connected disabilities are offered DTAP, a program that includes the normal three-day TAP workshop, plus additional hours of individual instruction and advice to determine employability and to address their unique needs related to disabilities. DTAP provides important information to wounded service members and their families at a critical nexus. Often these individuals are hospitalized or receiving medical rehabilitation away from their regular units during their military service discharge periods. Because these individuals are no longer located on or near a military installation, they are often forgotten in the transition assistance process. In this respect, DTAP has not scored the level of success that TAP has achieved, and it is critical that coordination be closer between the DOD, VA, and Veterans Employment

and Training Service (VETS) to reduce this disparity for these severely disabled service members.

The IBVSOs believe Congress, the DOD, VA, and the DOL should provide increased funding for TAP and DTAP to support mandatory attendance for all personnel being discharged.

The IBVSOs have also been concerned with the large numbers of reserve and National Guard service members moving through the discharge system with only the benefit of the abbreviated TAP as opposed to the more comprehensive program attended by active component members. Neither the DOD nor VA seems prepared to handle the large numbers and prolonged activation of reserve forces for the global war on terrorism. The greatest challenge with these service members is their rapid transition from active duty to civilian life. If service members are uninjured, they may clear the demobilization station in a few days, and little if any of this time is dedicated to informing them about veterans' benefits and services. Additionally, the DOD personnel at these sites are most focused on processing service members through the sites. Lack of space and facilities often restricts contact between demobilizing service personnel and VA representatives. To ensure full participation in this important program, the IBVSOs have long recommended making participation in the more comprehensive TAP mandatory for all discharging service members. The VOW to Hire Heroes Act should finally bring closure to this issue.

The 2010 U.S. Department of Labor Office of Inspector General (OIG) audit of VETS found problems with contract compliance and tracking of service delivery.³² The OIG found that VETS did not have effective management controls to ensure TAP participants received the employment assistance needed to obtain meaningful employment:

- VETS could not substantiate the 124,700 participants that it reported as having attended TAP workshops with participant attendance documents and monitoring of 117 of 247 (47 percent) domestic and overseas TAP sites. The OIG found a lack of consistent evaluation criteria and resolution tracking in VETS monitoring.
- VETS also did not use measurable performance goals and outcomes to evaluate program effectiveness, and lacked adequate controls over contracting for TAP workshop services.

- These deficiencies resulted in undermining VETS' ability to ensure it was providing a high-quality program, as required, to provide the assistance needed to ensure veterans succeed in obtaining meaningful employment, and may impact critical program decisions by Congress, VETS, and other stakeholders. In addition, the OIG identified deficiencies that resulted in \$2.3 million in unsupported and other questioned costs and found that \$713,000 spent might have been put to better uses by VETS.

The OIG recommended the following actions by VETS:

- development and implementation of procedures to report and document participant attendance, a monitoring process, and controls for contract activities and administration;
- ensuring that VETS personnel adequately monitor TAP workshops;
- retention of participant information needed to measure and report outcome goals;
- establishment of new memoranda of understanding with its partner agencies;
- revision of methods for contractor cost justification cost comparisons; and
- recovery of unsupported and questioned contract costs.

The aforementioned revisions to TAP and DTAP for which the IBVSOs continue to advocate should provide the basis to properly address the concerns identified by the DOL OIG and minimize the likelihood of their recurrence.

The IBVSOs fully concur with these recommendations and urge VETS to move forward on implementation. The IBVSOs also recommend regular audits of TAP to ensure that these recommendations are correctly implemented.

Recommendations:

All Transition Assistance Program (TAP) classes should include in-depth VA benefits and health-care education sessions and time for question and answer sessions.

The Departments of Veterans Affairs, Defense, Labor, and Homeland Security should design and implement

a stronger Disabled Transition Assistance Program (DTAP) for wounded service members who have received serious injuries, and for their families.

Chartered veterans service organizations should be directly involved in TAP and DTAP or, at minimum, serve as an outside resource to TAP and DTAP.

The DOD, VA, DOL, and DHS must do a better job educating the families of service members on the availability of TAP classes, along with other VA and DOL programs regarding employment, financial stability, and health-care resources.

Congress and the Administration must provide adequate funding to support TAP and DTAP to ensure that active duty as well as National Guard and reserve service members receive proper services during their transition periods.

²⁹ P.L. 112–56, Sections 221–226, 235, and 238.

³⁰ DOD Transition Assistance Program and Disabled Transition Assistance Program Guide. http://www.turbotap.org/portal/transition/resources/PDF/AC_GUIDE_Introduction_to_Transition_Assistance_Information.pdf, p. 1.

³¹ Testimony of Assistant Secretary for Veterans' Employment and Training Raymond M. Jefferson, before the Subcommittee on Economic Opportunity Committee on Veterans Affairs, United States House of Representatives, June 2, 2011.

³² Veterans' Employment and Training Service, *Vets Needs To Strengthen Management Controls Over The Transition Assistance Program*, Report No. 06–10–002–02–001 (September 30, 2010).



VETERANS AND POST-SERVICE LICENSURE AND CREDENTIALS:

Federal, state, and local governments as well as businesses should increase focus on the translation of military experience to civilian occupations.

The Departments of Defense, Veterans Affairs, and Labor have devoted considerable resources to aid service members in their transitions to civilian life. However, while less than 1 percent of our nation's population chooses to serve in the military, unemployment rates continue to skyrocket among veterans and are disproportionately high if compared to their nonveteran counterparts. The veterans who served to protect our nation's safety and freedoms are then faced with the fight for employment when transitioning to civilian life. While there are numerous federal, state, and private sector programs designed to assist veterans during transition, the fact remains that the unemployment rate among veterans continues to rise.

The U.S. Bureau of Labor Statistics Economic News Release of October 7, 2011, noted the unemployment rate of veterans generally, 18 years and over, was 8.1 percent for 2011 compared to 8 percent for 2010. In addition, veterans of the Gulf War era II (September 2001–present), have an unemployment rate of 11.7 percent for 2011 compared to 10.2 for 2010. Women veterans' employment statistics are worse still, with an unemployment rate of 14.7 percent for 2011 compared to 9.2 percent for 2010.³³ In July 2010, veterans reporting a service-connected disability rated 60 percent or greater reported workforce participation of 27.9 percent.³⁴

Responding to the disproportionately high unemployment rates among veterans, in June 2010, the Society for Human Resource Management (SHRM) released the findings of its national survey, titled "Employing Military Personnel and Recruiting Veterans—Attitudes and Practices SHRM Poll."³⁵ The survey examined pay and benefits that organizations provide to employees who have been mobilized to serve on active duty service, either as a reservists or as members of the National Guard, as well as the challenges organizations face when an employee has been mobilized to serve on active duty. The benefits and challenges of hiring military veterans were examined, as were the programs that would assist organizations in recruiting and hiring veterans. Unfortunately, the survey results simply confirmed what many veterans service organizations already suspected. Employers reported that, while they wanted to actively hire veterans, they did not know what the appropriate channels were to do so and did not receive much assistance from local DOL or VA offices. The survey also found that only 13 percent of private sector companies offered any type of transition assistance to newly separated service members or active duty returning Guard and Reserve members.

The survey also examined the problems employers have experienced in the past after hiring veterans.

Sixty percent of employers found they were unable to translate a veteran's military experience into a job's requisite skills. This finding illustrates the problem veterans have effectively translating their military qualification and experiences to civilian employment. Due to the fact that the DOD establishes performance standards for every occupation within the armed forces, it is able to provide some of the best vocational training in the nation, yet transferability of military skills and training to civilian occupations is problematic and often dependent upon a service member's choice of state residency.

Several years ago, in a bid to address this issue, the "Veterans Benefits Health Care and Information Technology Act of 2006"³⁶ authorized the DOL Assistant Secretary for Veterans' Employment and Training to carry out a demonstration project on credentialing to facilitate the seamless transition of members of the military from service on active duty to civilian employment. It was to have used at least 10 military occupational specialties as part of the demonstration project, each required for civilian employment in an industry with high growth or high worker demand. Further, the Assistant Secretary was to have consulted with various federal, state, and industry officials to identify requirements for credentials, certifications, and licenses that require a set of skills that could be matched to a military occupational specialty, and to cooperate with the appropriate officials to reduce or eliminate barriers to providing a credential, certification, or license for the civilian equivalent occupations.³⁷ However, since this authority was discretionary and not mandatory, and since no funding was obligated for the task, the study was not carried out.

With the passage of the VOW to Hire Heroes Act of 2011, which was signed into law Nov. 21, 2011, such a study is now mandated. It requires the Assistant Secretary for Veterans' Employment and Training to carry out a two-year demonstration project on the credentialing and licensing of veterans. It requires the Assistant Secretary of Labor of Veterans' Employment and Training to (1) conduct a study comparing the costs incurred by the DOD in training members for military occupational specialties selected for the demonstration project with costs incurred by the VA and Department of Labor in providing employment-related assistance to veterans who previously held such military occupational specialties, and (2) report study results to Congress.³⁸

The Independent Budget veterans service organizations believe this demonstration project must include the development of a clear process so that wherever a veteran chooses to reside after military service, that state will grant an expedited licensure or certification for the civilian equivalent job he or she held while in the military. Additionally, we believe that the DOD and other federal agencies tasked with assisting transitioning service members should reach out to and educate private sector employers on the value of their employing veterans. This outreach must include engaging both large corporations and small businesses.

The Administration has also been working in this area, with a specific focus on enhancing employment opportunities for medics and corpsmen in its "Call for a Career-Ready Military."³⁹ Military medics as first responders on the front lines save lives, yet because their military training does not meet states' licensure and certification requirements, these same individuals, who may be interested in working as nurses, physician assistants, or in other health care jobs once they leave the military, are often not given credit or credentials for the very skills training they received or experience they gained while serving.

Veterans often enter the military fresh out of high school or college, and the first culture they learn is that of the military. But on leaving active duty, many veterans, often those with little experience working in the civilian world, must learn a new civilian business culture and how to navigate to a successful career. Often, medics, corpsmen, and individuals from many other military occupations return to school to take classes using the Post-9/11 GI Bill, classes conceivably they could have taught, in order to qualify for the same job at home that they had in the military.

To fast-track medics into jobs in community health centers and other parts of the health-care system, the Health Resources and Services Administration (HRSA)⁴⁰ is exploring opening up career paths beyond nursing and expanding opportunities for veterans to become physician assistants. Through this initiative, the HRSA will begin to give priority in physician assistant grant awards to universities and colleges that help train veterans for careers as physician assistants. Through the Patient Protection and Affordable Care Act, the American Recovery and Reinvestment Act, and appropriations acts in fiscal years 2010 and 2011, \$45 million was invested to

support accredited physician assistant training programs. Currently there are 57 active physician assistant training grants.⁴¹

To expand the number of training programs that accommodate veterans, models will be identified that offer expedited curricula for veterans and offer enhanced veteran recruiting, retention, and mentoring services. The initiative will engage all physician assistant programs in learning how to replicate these models so that schools across the country can create better training and career pathways. The HRSA started by providing technical assistance to more than 21 institutions in 2011. These institutions represent those with active veterans' programs that can share best practices and strategize for further outreach to the 159 accredited physician assistant programs across the country, extending the reach beyond those that receive HRSA funds.⁴²

The DOD and VA, working closely with others, are leading a new task force to develop reforms to ensure that every member of the military receives the training, education, and credentials they need to transition to the civilian workforce or to pursue higher education. These reforms are to include the design of a "Reverse Boot Camp," an option that will extend the transition period to give some service members more counseling and guidance to make them career-ready.⁴³

While parts of the federal government exerted effort to inform military personnel of the options available to them in the civilian world over a limited range of career paths, acceptance by the DOD and other federal agencies of this opportunity to develop more robust systems for this purpose has been muted. Although often discussed, no action has been taken other than providing information to military personnel about their future career options. No system is yet in place to build upon the military training currently being provided that would lead to academic credits and acceptance of military specialty education and training for civilian equivalent occupations.

Certain civilian organizations have developed programs to make the transition easier for those leaving the military. For example, *Troops2Truckers* provides transitioning service members with professional commercial trucking industry training, Commercial Driver's License or training certification, and a job offer with no out-of-pocket cost.⁴⁴ *Helmets to Hardhats* places veterans into promising building

and construction careers via apprenticeships where they learn trades through on-the-job training supplemented by classroom instruction.⁴⁵ Also, *Troops to Teachers*, formerly a U.S. Department of Education and DOD program, helps eligible military personnel begin new careers as teachers in public schools.⁴⁶ While the VOW to Hire Heroes Act of 2011 takes an important step in this direction, with its demonstration project, assessing the transferability of up to five military specialties, it is far from the comprehensive initiative that must be undertaken.

Recommendations:

Congress should monitor Department of Labor (DOL) implementation of the VOW to Hire Heroes Act provisions mandating the DOD, VA, and DOL to work together to identify equivalencies between military and civilian occupations and the credentialing, licensing, and certification so military training meets civilian certification and licensure requirements in each state.

Congress should engage in a national dialogue, working closely with the Administration generally, and the DOD, VA, and DOL specifically, as well as state governments, employers, trade unions, and licensure and credentialing entities at all levels, to establish a process so military training meets civilian certification and licensure requirements for states in which veterans choose to live once they leave the military.

³³ U.S. Bureau of Labor Statistics, Division of Labor Force Statistics, Economic News Release Last Modified Date: Oct. 07, 2011. <http://www.bls.gov/news.release/empst.r05.htm>.

³⁴ Ibid.

³⁵ Society for Human Resource Management, *Employing Military Personnel and Recruiting Veterans—Attitudes and Practices SHRM Poll*. <http://www.shrm.org/Research/SurveyFindings/Articles/Pages/EmployingMilitaryPersonnelRecruitingVeterans.aspx>, 6/24/2010.

³⁶ P.L. 109–461, Sec. 604, Demonstration project on credentialing and licensure of veterans, Dec. 22, 2006.

³⁷ Ibid.

³⁸ P.L. 111–56, Sec 237, "VOW to Hire Heroes Act of 2011."

³⁹ Presidential Call for a Career-Ready Military, White House FACTSHEET: *We Can't Wait: Obama Administration's New Initiatives to Help Create Jobs for Veterans*, October 25, 2011. <http://www.whitehouse.gov/the-press-office/2011/10/25/fact-sheet-we-cant-wait-obama-administrations-new-initiatives-help-creat>.

⁴⁰ U.S. Department of Health and Human Services Health Resources and Services Administration. <http://www.hrsa.gov/grants/index.html>.

⁴¹ Presidential Call for a Career-Ready Military, White House FACTSHEET: *We Can't Wait: Obama Administration's New Initiatives to Help Create Jobs for Veterans*, October 25, 2011. <http://www.whitehouse.gov/the-press-office/2011/10/25/fact-sheet-we-cant-wait-obama-administrations-new-initiatives-help-creat>.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ *Troops 2 Truckers*. <http://www.troops2truckers.com/>.

⁴⁵ *Helmets To Hardhats*. <http://www.helmetstohardhats.org/>.

⁴⁶ *Troops to Teachers*. <http://www.proudtoserveagain.com/>.

DEPARTMENT OF LABOR VETERANS' EMPLOYMENT AND TRAINING SERVICE:

The Department of Labor Veterans' Employment and Training Service needs to be a leading voice of employment for veterans in the national labor market.

The Department of Labor Veterans' Employment and Training Service (DOL VETS) has a critical role to play in increasing employment opportunities for veterans. As stated on the DOL website, the mission of DOL VETS is to "provide resources and expertise to assist and prepare [veterans] to obtain meaningful careers, maximize their employment opportunities, and protect their employment rights."

One of the primary ways that DOL VETS assists veterans with finding meaningful employment is through the Jobs for Veterans State Grants Program, which provides noncompetitive grant funds to state workforce agencies. The Jobs for Veterans State Grants Program provides funding for the Disabled Veterans Outreach Program (DVOP) specialists and local veterans' employment representatives (LVERs) in each state. LVERs work to increase employment opportunities for veterans in the community primarily by conducting outreach with employers. DVOP provides intensive services to veterans with the most significant barriers to employment.

Although the grant program provides states the opportunity to use resources in a manner appropriate to each state, there is a critical disconnect between the funding provided through DOL VETS and the provision of services. Consequently, DOL VETS is limited in its influence over the provision of services to veterans on the ground. More accountability is needed to ensure that these funds are truly being used to best meet the needs of veterans faced with employment barriers. In the absence of greater accountability, *The Independent Budget* veterans service organizations are concerned that veterans are not receiving the full attention of employment specialists.

The voice of veterans in employment can also be strengthened by ensuring that DOL VETS is integrated into the broader labor agenda managed by the DOL. The alignment of the VETS program within the DOL should bring greater focus to veterans' unemployment and in particular for those who face significant barriers, such as physical injury or other disability.

Veterans with significant disabilities would greatly benefit from increased collaboration between employment programs designated for veterans and those designated for people with disabilities. For example, Congress should require DOL VETS to partner with the DOL Office of Disability Employment Policy on the development and implementation of labor programs and policies that impact veterans with significant disabilities to ensure that these veterans benefit from the collaboration of the disability and veterans' communities.

Recommendations:

Congress must give the Department of Labor Veterans' Employment and Training Service (DOL VETS) the tools and resources necessary to ensure that veterans are benefiting from labor programs targeted to addressing their particular employment needs.

DOL VETS must work collaboratively within the DOL to increase employment opportunities for veterans with the most significant barriers to employment.

THE DEPARTMENT OF LABOR NATIONAL VETERANS TRAINING INSTITUTE REMAINS INADEQUATELY FUNDED:

The National Veterans Training Institute lacks adequate funding for its important mission of preparing veterans' employment representatives.

The National Veterans Training Institute (NVTI) is a contracted program funded and administered by the Department of Labor Veterans' Employment and Training Service through the University of Colorado. Each state sends new veterans' representatives for intensive training. These positions include the Disabled Veterans' Outreach Program (DVOP) representatives and local veterans' employment representatives (LVERs).

The Department of Labor Veterans' Employment and Training Service (DOL VETS) also sends its staff members to the NVTI for training in the details of the Uniformed Services Employment and Reemployment Rights Act (USERRA) and for veterans' preference investigative training. These federal programs protect the employment rights of individuals while they are serving our nation.

Of the 2,557 DVOP/LVER positions nationwide, historically the turnover rate for these positions exceeds 20 percent annually. This turnover rate is primarily attributed to veterans who use the DVOP and LVER positions as an entry to a state's employment system. By being situated in these low-paying, full-time state government positions, these veterans use this situation to seek better paying government or private sector employment. This turnover consequently requires new candidates to receive the necessary training from the NVTI.

Each state employs DVOP representatives within its divisions of employment. DVOP representatives are trained to provide intensive services to assist disabled veterans, particularly those who may face barriers to employment. Often these state employment representatives will be the first support contacts newly discharged veterans will encounter as they begin to make the transition to civilian life. The LVER positions within a state's employment division assist

veterans who have no disabilities and are seeking employment. Both positions should have knowledge of employment opportunities in their communities and knowledge of educational or training opportunities that can enhance veterans' employability. The constant turnover in these positions means that some unemployed veterans are being assisted by new and poorly trained employment specialists.

As a result of inadequate funding, the NVTI has performed its responsibilities over the past three years with a shortage of at least two to three full-time staff members. The NVTI currently has a projection of 66 to 90 training sessions to be presented in FY 2012 as it create its work schedule for FY 2013. This workload is determined by the DOL VETS program. Current law requires DVOP and LVER positions to receive NVTI training within 18 months of employment. All classes are a minimum of five days of classroom and computer training. The training that NVTI provides for USERRA investigators takes two weeks. The NVTI will train a total of 1,704 veterans' employment personnel in FY 2012 with a budget of \$2.4 million.

As the DOL VETS program continually searches for new and creative avenues for assisting veterans with employment, having the option of requesting additional training support from the NVTI would be a valuable asset. The underfunded NVTI is unable to provide this option without additional resources.

Recommendation:

Congress must provide increased funding to the Department of Labor for the National Veterans Training Institute to ensure the professional training programs can be made available for state and federal employment representatives on a timely basis.

VETERAN-OWNED BUSINESSES AND THE FEDERAL GOVERNMENT:

Efforts within the federal government to meet the goals of contracting with veterans or service-disabled veteran-owned small businesses and to prevent fraud require additional action.

At present, vendors desiring to do business with the federal government, with one exception, must register in the Central Contractor Registration (CCR) database,⁴⁷ and those who indicate they are veterans or service-disabled veterans simply self-certify their status without verification. The exception is for those who wish to do business with the Department of Veterans Affairs. In their case, certification is a more formal undertaking managed by VA's Office of Small and Disadvantaged Business Utilization (OSDBU). Approximately \$10 billion in contracts were awarded in fiscal year 2010 to self-certified service-disabled veteran-owned small businesses (SDVOSBs) in the CCR.⁴⁸

P.L. 109-461 requires VA to establish a Vendor Information Page database to move beyond veterans or service-disabled veterans' business owners' simple self-certification and instead to accurately identify businesses that are 51 percent or more owned by veterans or service-disabled veterans.⁴⁹ The act also requires that VA only use its set-aside and sole-source award authority for SDVOSB firms listed in the database and debar for a reasonable period of time those businesses that seek to defraud the government.⁵⁰

This database was originally established to act as a single-source of certified veteran-owned small businesses (VOSBs) and SDVOSBs to supply all federal agencies and prime contractors information to assist the federal government with achieving the not less than 3 percent goal of set-aside contracts being awarded.

The government's support of VOSBs and SDVOSBs contributes significantly to restore veterans' quality of life while aiding in their transition from active duty. Yet, their ability to compete for contract awards remains problematic since many federal agencies have not reached the 3 percent goal of set-aside contracts. Federal agencies must be held accountable to meet the federal procurement goals outlined by Executive Order 13360 and sections 15(g) and 36 of the Small Business Act, which gives agency contracting officers the authority to reserve certain procurements for SDVOSBs.

As increasing numbers of service-disabled military members begin to transition into civilian life, many choose to start their new lives as entrepreneurs. One of the benefits of successful VOSBs and SDVOSBs is that veterans tend to hire fellow veterans.⁵¹ This has the potential to decrease veteran unemployment. With the recent changes in the verification system, VA must have the proper number of trained personnel working to certify and to recertify SDVOSBs and VOSBs in a timely manner. As of October 2011, VA's VetBiz Vendor Information Pages (VIP) database, managed by its Center for Veterans Enterprise (CVE) within OSDBU, shows that the agency has verified the eligibility of more than 5,000 SDVOSB firms.⁵² Currently there are more than 15,000 firms that have self-certified their SDVOSB eligibility in the CCR database.⁵³ Hundreds, perhaps thousands more SDVOSBs and VOSBs may be in the process of registering their businesses or verifying their status.

In audits of the SDVOSB program conducted in 2009 and 2010, the Government Accountability Office identified weaknesses in fraud prevention controls that may have allowed ineligible firms to receive about \$100 million in SDVOSB contracts.⁵⁴ These areas include the lack of government-wide controls that allow ineligible firms to receive contracts by self-certifying that they were legitimate SDVOSB firms. In addition, VA lacks the ability to continue the monitoring of firms' eligibility and lacks an effective process for investigating and prosecuting firms.

According to the recently released Interagency Task Force on Federal Contracting Opportunities for Small Businesses, veteran business owners could be better served if VA and the Small Business Administration (SBA) established a partnership to assist veterans who are interested in participating in federal procurement. The CVE would maintain the VIP database and verify accurate veteran/service-connected disabled veterans' status. The SBA would retain the responsibility for validating the business ownership, size standards, and structural integrity of the business. The SBA would have direct reporting and input authority to the VIP database through the Office of Veterans Business Development once this information

is collected. VA would maintain the veteran eligibility status. The SBA would be responsible for verifying all other socioeconomic categories for the purpose of federal procurement. The SBA already maintains the infrastructure, expertise, and established regulatory guidance to include the veteran population within its authority. VA would develop clearer and more comprehensive small business contracting policies.⁵⁵ *The Independent Budget* veterans service organizations support these task force recommendations for these important programs.

Recommendations:

Congress should take the necessary actions to require all federal agencies to use a single-source database in all verifications of veteran ownership status before awarding contracts to companies on the basis of a claim of service-disabled veteran-owned small business or veteran-owned small business preference.

The Departments of Labor and Veterans Affairs must improve oversight and outreach to all federal agencies, the Small Business Administration, and all other federal agencies tasked with protecting and promoting service-disabled veteran-owned small businesses, to assist in the development and implementation of stronger strategies/plans to reach the minimum 3 percent goal.

Congress must ensure that adequate resources are available to effectively monitor and recognize those agencies that are not meeting the 3 percent minimum goal and hold them accountable. The annual reports filed by all federal agencies, reporting fiscal year percentage of goal achieved, should serve as guidance on which agencies need the most assistance in the development and implementation of stronger contracting plans.

Congress must ensure that adequate resources are available in VA and other federal agencies to effectively monitor, identify, and prosecute those businesses that commit or attempt to commit fraud when contracting with the government.

VA must place increased effort on the certification process to ensure veteran-owned businesses that depend on, or are waiting for a government contract can be assured that excessive wait times on VA's administrative processes will not hinder the veterans' success in conducting their business.

⁴⁷ CCR is the primary contractor registrant database for the U.S. federal government. CCR collects, validates, stores, and disseminates data in support of agency acquisition missions.

⁴⁸ Government Accountability Office, *Service-Disabled Veteran-Owned Small Business Program: Additional Improvements to Fraud Prevention Controls Are Needed*, GAO-12-205T, Nov. 30, 2011, p. 1.

⁴⁹ P.L. 109-461, 502, 120 Stat. 3403, 3431-3435 (2006).

⁵⁰ *Ibid.*

⁵¹ Bureau of Labor Statistics, "Employment Situation of Veterans News Release" October 20, 2011. <http://stats.bls.gov/news.release/vet.htm>.

⁵² *Service-Disabled Veteran-Owned Small Business Program: Additional Improvements to Fraud Prevention Controls Are Needed*, GAO-12-152R *Service-Disabled Veteran-Owned Small Business Program*, Oct. 26, 2011, p. 3.

⁵³ *Ibid.*

⁵⁴ *Ibid.*

⁵⁵ *Empowering Veterans Through Entrepreneurship, Interagency Task Force On Federal Contracting Opportunities For Small Businesses*, Nov. 1, 2011. http://www.sba.gov/sites/default/files/contracting_task_force_report_0.pdf.



REASONABLE TRANSITION FOR SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES:

There needs to be a reasonable transition period for all service-disabled veteran-owned small businesses to retain their federal protected status following the death of the disabled veteran.

For a veteran who suffers a disability while in military service, the federal government has deemed it appropriate to provide a range of benefits designed to ease the economic and other losses and disadvantages incurred as a consequence of such disabilities. These benefits include government assistance

for entering the federal procurement marketplace. Service-disabled veteran-owned small businesses (SDVOSBs) were first provided the opportunity to compete for procurement contracts on December 16, 2003, as a result of the Veterans Benefits Act.⁵⁶

Executive Order 13360, signed on October 20, 2004, directed all federal agencies to establish a goal of at least 3 percent of federal contracting for service-disabled veteran-owned businesses and gave agency contracting officers the authority to reserve certain procurements for SDVOSB set-asides.

P.L. 109–461, the “Veterans Benefits, Health Care, and Information Technology Act of 2006” established the Veterans First Contracting Program specifically for the Department of Veterans Affairs to increase business opportunities with the VA for SDVOSBs.⁵⁷

As a result of numerous public laws, many disabled veterans have been encouraged to take the personal risk of establishing small businesses, often only with the support of their families and their own personal financial resources. According to the Service Disabled Veteran Owned Small Business Council, “[t]here are roughly 5 million Veteran Owned Businesses (VOSBs) and approximately 500,000 Service Disabled Veteran Owned Businesses (SDVOSBs) in the United States.”⁵⁸ Their risk, when successful, creates new job opportunities and, in many cases, for other disabled veterans and veterans. The presence of SDVOBs is essential, particularly during our current challenging economic times.

While acquiring that first federal contract and meeting its many prerequisites may be a big challenge for SDVOSBs generally, a closer examination finds that the death of a service-disabled business owner currently presents a significant obstacle that can mean the dissolution of the business soon afterward. According to section 8127 (h)(2)(C), P.L. 109–461, the disabled veteran business owner’s surviving spouse is provided a 10-year transition period if the owner was a 100 percent disabled veteran at the time of his or her death, or if he or she died as a result of a service-connected disability in relation to contracts only with VA. Conversely, if the veteran business owner was rated less than 100 percent service connected or dies of a nonservice-connected condition, the surviving spouse has only one year to transition the business,

again for contracts only with VA. If the SDVOSB and service-disabled business owner hold contracts with any other federal government agency, the business immediately loses its SDVOSB status upon the death of the disabled veteran. Current law provides for no period of transition. Thus, the SDVOSB can no longer compete for federal procurement opportunities.

The loss of the veteran business owner can place SDVOSB employees and their families as well as the surviving spouse at severe risk due to either downsizing or closing the business because of loss of federal procurement opportunities and finally laying off their workers. Such events can result in severe financial hardship for all concerned. These circumstances could be averted, or, at the very least, the impact could be phased in over a longer time frame, if surviving spouses not protected by the limited provisions of P.L. 109–461 or heirs of disabled veterans were allowed to have a more reasonable transition period for the SDVOSB program than the current one-year VA-only provision. To do so would help maintain the jobs created by the SDVOSBs for disabled veterans, other veterans, and other employees and would not unduly put them at increased financial hardship due to job loss or downsizing or closing of the SDVOSB.

Recommendation:

Congress should provide for a reasonable transition period for all service-disabled veteran-owned small businesses (SDVOSBs), not covered by the limited provisions of P.L. 109–461, to retain their SDVOSB status with the federal government following the death of the disabled veteran via a surviving spouse, children, or heirs.

⁵⁶ P.L. 108–183, “Veterans Benefits Act of 2003,” § 308, Procurement program for small business concerns owned and controlled by service-disabled veterans. <http://www.acq.osd.mil/osbp/docs/pl108-183.pdf>.

⁵⁷ P.L. 109–461, “Veterans Benefits, Health Care, and Information Technology Act of 2006,” § 8127. Small business concerns owned and controlled by veterans: contracting goals and preferences. <http://www.gpo.gov/fdsys/pkg/PLAW-109publ461/pdf/PLAW-109publ461.pdf>.

⁵⁸ Service Disabled Veteran Owned Small Business Council. <https://www.sdvosb-council.org/>.

VA PENSION WORK DISINCENTIVES:

VA pension work disincentives should be removed.

Many veterans, who served honorably and were discharged in good health, later acquire significant disabilities. Eligible veterans will qualify for the Department of Veterans Affairs pension.⁵⁹ VA pension is often likened to Supplemental Security Income (SSI) under Social Security. However, unlike that program, VA pensioners face a “cash cliff” in which benefits are terminated once an individual crosses an established earnings limit. Because of a modest work record, many of these veterans or their surviving spouses may receive a small Social Security Disability Insurance (SSDI) benefit that supplements their VA pension. If these individuals attempt to return to the workforce, not only is their SSDI benefit terminated but their VA pension benefits are reduced dollar for dollar by their earnings.

More than 20 years ago, under P.L. 98–543, Congress authorized VA to undertake a four-year pilot program of vocational training for veterans awarded a VA pension. Modeled on the Social Security Administration’s trial work period, veterans in the pilot were allowed to retain eligibility for pension up to 12 months after obtaining employment. In addition, they remained eligible for VA health care up to three years after their pension terminated because of employment. Running from 1985 to 1989, this pilot program achieved some modest success. However, it was discontinued because prior to VA eligibility reform most catastrophically disabled veterans were reluctant to risk their access to VA health care by working.

The VA Office of Policy, Planning and Preparedness examined the VA pension program in 2002 and, though small in number, 7 percent of unemployed veterans on pension and 9 percent of veteran spouses on pension cited the dollar-for-dollar reduction in VA pension benefits as a disincentive to work.⁶⁰ Now that veterans with catastrophic nonservice-connected disabilities retain access to VA health care, work incentives for the VA pension program should be re-examined and policies toward earnings should be changed to parallel those in the SSI program.

Recommendation:

Work disincentives in the VA pension program should be re-examined and consideration given to changes that would parallel Social Security work incentives, such as a trial work period and reduction in benefits as earned income rises.

⁵⁹ Title 38 C.F.R. 3.3. Improved pension; P.L. 95–588 (92 Stat. 2497). A benefit payable by the Department of Veterans Affairs to veterans of a period or periods of war because of nonservice-connected disability or age. The qualifying periods of war for this benefit are the Mexican border period, World War I, World War II, the Korean conflict, the Vietnam era, and the Persian Gulf War. Basic entitlement exists if a veteran served in the active military, naval or air service for 90 days or more during a period of war (38 U.S.C. 1521(j)) and meets the net worth requirements under 3.274 and does not have an annual income in excess of the applicable maximum annual pension rate specified 3.23; and is age 65 or older; or is permanently and totally disabled from nonservice-connected disability not due to the veteran’s own willful misconduct.

⁶⁰ Evaluation of VA Pension and Parents’ DIC Programs, VA Pension Program Final Report, ORC Macro, Economic Systems Inc., Hay Group, Dec. 22, 2004. www1.va.gov/op3/docs/pension.pdf.

