

# Education, Employment, and Training

---

**A**t a time when our nation faces record unemployment, the veterans community has been hit especially hard, with unemployment rates among today's veterans eclipsing the national average by more than 2 percent. Our veterans have made tremendous sacrifices for our nation, which is why our leaders 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.

Employment policy is vital to veterans and veterans with disabilities in today's environment, in which work is critical to independence and self-sufficiency. People with disabilities, including disabled veterans, often encounter barriers to entry or reentry into the workforce or lack accommodations on the job; many have difficulty obtaining appropriate training, education, and job skills. These difficulties, in turn, contribute to low labor force participation rates and high levels of reliance on public benefits. At present funding levels, entitlement programs cannot keep pace with the current and future demand for benefits.

## EDUCATION

Over the past couple of years, our nation has made great progress in ensuring that today's veterans have an opportunity to succeed once they return from combat. *The Independent Budget* veterans service organizations applaud the work of Congress to swiftly pass and enact the Post-9/11 GI Bill. Unfortunately, the swift passage and implementation of this landmark benefit has led to some unforeseen inequities which must be addressed quickly to keep with the intent of the law.

In its current form, the Post-9/11 GI Bill benefits only provide maximum educational opportunities to those who served under title 10, United States Code (Armed Forces) orders and who seek to take advantage of traditional, public, brick-and-mortar institutions of higher learning. Unfortunately, this leaves a large percentage of today's veterans ineligible for benefits because they may have been called away to active duty under title 32 (National Guard) orders. The men and women who serve in our military do not choose when and where they will be deployed. The men and women who were activated under title 32 had to leave their civilian careers and, oftentimes, their families to serve where our nation needs them, which is why title 38, United States Code, chapter 33 should be expanded to include service under title 32.

Also, college is not for everyone. Under previous iterations of the GI Bill, veterans had the opportunity to use their benefits for nondegree training and certificate programs. These programs are critical to ensuring that our veterans have the skills to succeed in a competitive job market should they not choose to pursue a college

degree, which is why chapter 33 benefits should be expanded to cover these unique programs.

Next, inequities exist for many veterans who choose either to participate in nontraditional degree programs or attend private institutions of higher learning or graduate school through the Yellow Ribbon Program. Students who enroll in these kinds of programs should be eligible for benefits comparable to those of their counterparts attending traditional public institutions—whether through living stipends based on the veteran's zip code or baseline tuition and fee reimbursements for private schools and graduate programs.

Finally, chapter 31 benefits under the Department of Veterans Affairs' Vocational Rehabilitation program must be updated to keep pace with chapter 33 and to account for the unique needs of disabled veterans responsible for the well-being of their family members. The subsistence allowance under chapter 33 is a better benefit than that to which our wounded troops are entitled under chapter 31, which may drive them to abandon the program designed specifically to meet their unique needs. Exacerbating this situation is a lack of resources to assist disabled veterans with dependents.

*The Independent Budget* veterans service organizations believe that Congress must make additional resources available to chapter 31 recipients to ensure that their families are cared for through the rehabilitation process. We hope Congress will work quickly to remedy these inequities in an effort to ensure that our veterans have access to all of the education and employment training benefits they have earned.

**DENIAL OF LIVING STIPENDS FOR NONTRADITIONAL STUDENTS:**

*Veterans attending online universities must receive the same living stipend as veterans attending traditional institutions.*

Often, veterans decide to attend online universities to achieve their educational goals. This option is not used solely for convenience; it is often a necessity. Many veterans have families and work obligations, and limitations as a result of service-connected conditions as well as financial restrictions that prevent them from attending college in a traditional manner. However, veterans who opt for a degree through strictly online courses or universities are denied a stipend. Education

benefits should not be reduced or denied.

**Recommendation:**

Congress should enact legislation that will establish a living stipend that is equal to the stipend for traditional students based on the zip code in which the veteran lives.

**ABSENCE OF BENEFITS UNDER TITLE 32, UNITED STATES CODE:**

*Members of the National Guard who serve under title 32, United States Code, at the behest of the federal government must have their service recognized under chapter 33.*

By virtue of their status, veterans who serve our country under title 32 do not receive any credit or benefit under the Post-9/11 GI Bill when that service is supporting federal initiatives. National Guard members and certain members of the reserve who have been ordered to active duty under the Active Guard Reserve (AGR) program, and National Guard members who are activated to support National Security operations along our nation's borders, do not qualify for any benefits under the new GI Bill. This affects nearly 45,000 Guard and reserve members who have been called to serve in

active duty roles as AGR personnel or in support of counterterrorism and counterdrug operations within the United States.

**Recommendation:**

Congress should enact legislation that includes Guard and Reserve duty that is in direct support of the federal government but housed under title 32 as acceptable service under the Post-9/11 GI Bill.

**INCLUSION OF NONDEGREE-SEEKING TRAINING AND CERTIFICATES:**

*Chapter 33 must be expanded to include vocational, on-the-job training, apprenticeships, and certification programs.*

The original GI Bill provided benefits for more than 8 million World War II veterans, but just more than 2 million of those went to a four-year, degree-granting institution. The other 6 million sought training through apprenticeships, on-the-job training, and vocational training. Today's veterans are not provided the same benefit. The Post-9/11 GI Bill only provides benefits to veterans who seek a degree. The remaining veterans must continue to use the Montgomery GI Bill (MGIB). Veterans pursuing these nondegree-seeking careers are being penalized by being forced to pay into the MGIB to later

receive a lesser benefit. Veterans, regardless of their post-military occupational desires, should have access to the Post-9/11 GI Bill.

**Recommendation:**

Congress should enact legislation that will allow for the provision of Post-9/11 GI Bill benefits to veterans who enroll in apprenticeships, on-the-job training, and vocational programs.

**CHAPTER 33 YELLOW RIBBON PROGRAM SIMPLIFICATION:**

*The method used to determine the payouts under the Yellow Ribbon Program has caused disproportionate benefits and confusion among veterans.*

The Yellow Ribbon GI Education Enhancement Program (Yellow Ribbon Program) is a provision of the Post-9/11 Veterans Educational Assistance Act of 2008. This program allows institutions of higher learning (degree-granting institutions) in the United States to voluntarily enter into an agreement with VA to fund tuition expenses that exceed the highest public in-state undergraduate tuition rate. The institution can contribute up to 50 percent of those expenses and VA will match the same amount as the institution.

VA's current method for determining tuition and fees causes confusion, unpredictability, and inequities in the benefit. Because of this complex and arbitrary method of calculating each state's baseline for the Yellow Ribbon Program, veterans could be unexpectedly billed

because of a misunderstanding of the tuition and fee-payment system. Also, universities can change tuition and fee rates from year to year, making it difficult to predict how much assistance will be received from one year to the next. In addition, this method does not reflect the cost of an education in each state.

**Recommendation:**

VA should implement regulations that will fully cover tuition and fees at all public undergraduate schools. Additionally, the Department should establish a national standard for private and graduate schools to ensure predictability and continuity in tuition and fee rates.

## EQUAL SUBSISTENCE ALLOWANCE BETWEEN VOCATIONAL REHABILITATION AND EDUCATION (CHAPTER 31) AND THE POST-9/11 GI BILL (CHAPTER 33) ENROLLEES:

*Subsistence allowance should not be the deciding factor for whether a veteran uses chapter 31 or chapter 33.*

The *Independent Budget* veterans service organizations are concerned that veterans who are eligible for both the Post-9/11 GI Bill (chapter 33) and VA Vocational Rehabilitation and Education (chapter 31) as a result of having a service-connected disability will choose to receive chapter 33 benefits because the living stipend under chapter 33 is significantly higher than the subsistence and housing allowance under chapter 31. In many cases, this is not the best option since chapter 31 participants are entitled to a wider range of services through vocational rehabilitation, including counseling, skills as-

sessments, and job placement assistance. It is important that these benefits decisions are not made by how much financial assistance will be provided, but rather by which program will assist them the most.

### Recommendation:

Congress should enact legislation to authorize subsistence allowances for veterans participating in chapter 31 at the same rates as those eligible for chapter 33 benefits.



## INSUFFICIENT VOCATIONAL REHABILITATION AND EMPLOYMENT (VR&E) EDUCATION TRACKS FOR MANY DISABLED VETERANS WITH DEPENDENTS:

*More services are needed to help disabled veterans with dependents rehabilitate while utilizing VR&E.*

For many veterans with dependents, the VR&E educational track provides insufficient support. Veterans with dependents are the second-largest group seeking assistance from VR&E, and they are often those with the most pressing needs to secure meaningful long-term employment. There are many seriously disabled veterans who are unable to pursue all of their career options or goals due to the limited resources provided to disabled veterans with children and spouses. It must not be forgotten that these veterans are utilizing VR&E because of a disability they incurred in service to our country.

Unfortunately, service-connected veterans utilize VR&E's employment track at a rate higher than do disabled veterans without dependents. This is likely because immediate employment, while possibly not the best long-term rehabilitation outlook, provides greater resources to the family that cannot afford long-term

educational rehabilitation. By assisting these veterans with such expenses, the likelihood that they will enjoy long-term success and an improved quality of life will be increased.

### Recommendation:

Resources need to be allocated to assist veterans with dependents while they receive training, rehabilitation, and education. Specifically, increased living stipends to assist these veterans with their cost-of-living and/or provision of childcare vouchers or stipends would be particularly helpful to these heavily burdened families. Childcare is a substantial expense for many of these veterans. Without additional aid to offset these financial burdens, many disabled veterans will continue to be unable to afford the costs associated with more favorable long-term educational rehabilitation.

## VOCATIONAL REHABILITATION AND EMPLOYMENT

The Department of Defense indicates that each year approximately 25,000 active duty service members are found “not fit for duty” as a result of medical conditions that may qualify for VA disability ratings and eligibility for Vocational Rehabilitation and Employment (VR&E) services.

In response to criticism of the VR&E Service, former Department of Veterans Affairs Secretary Anthony Principi formed the Vocational Rehabilitation and Employment Task Force. The Secretary’s intent was to conduct an “unvarnished top to bottom independent examination, evaluation, and analysis of the VR&E program.” The Secretary asked the task force to recommend “effective, efficient, up-to-date methods, materials, and metrics, tools, technology, and partnerships to provide disabled veterans the opportunities and services they need” to obtain employment.<sup>1</sup> In March of 2004, the task force released its report, with 110 recommendations for VR&E service improvements.<sup>2</sup> By the end of FY 2007, only 89 of the 110 recommendations had been implemented.

Citing several studies of VR&E done within the past decade, the Veterans’ Disability Benefits Commission (VDBC) in 2007 identified a host of ongoing problems with the program, including the following:

- a need for a more aggressive and proactive approach to serving veterans with serious employment barriers
- limited numbers of VR&E counselors and case managers to handle a growing caseload

- inadequate and ineffective tracking and reporting on participants
- employment outcomes that are measured no further than 60 days after hiring
- the current 12-year limit for veterans to take advantage of VR&E, which may be unrealistic

*The Independent Budget* continues to support the recommendations of the Vocational Rehabilitation and Employment Task Force, as well as the following recommendations of the VDBC:

- expand access to all medically separated service members
- make all disabled veterans eligible for vocational rehabilitation and counseling services
- screen VR&E counselors and all applicants for Individual Unemployability ratings
- increase VR&E staffing and resources, track employment success beyond 60 days, and implement satisfaction surveys of participants and employers
- create incentives to encourage disabled veterans to complete their rehabilitation plans

The IBVSOs look forward to monitoring the continued implementation of these recommendations and future program changes.

<sup>1</sup> Congressional Research Service Report for Congress RL34627.

<sup>2</sup> Department of Veterans Affairs Strategic Plan FY 2006–2011. Office of the Secretary, October 2006. [www1.va.gov/op3/docs/VA\\_2006\\_2011\\_Strategic\\_Plan.pdf](http://www1.va.gov/op3/docs/VA_2006_2011_Strategic_Plan.pdf).

**VOCATIONAL REHABILITATION AND EMPLOYMENT FUNDING:***Congressional funding for the VA Vocational Rehabilitation and Employment (VR&E)**Service must keep pace with veterans' demand for VR&E services.*

The VR&E program, better known as chapter 31 benefits, is authorized by Congress under title 38, United States Code. The program provides the services and counseling necessary to enable service-disabled veterans to overcome employment barriers as they prepare for, find, and maintain gainful employment in their communities. In FY 2009, 10,303 eligible personnel were successfully rehabilitated. The program also provides independent living services to veterans who are seriously disabled and are unlikely to secure suitable employment at the time of their reentry to private life. There were 2,687 personnel who were assisted in the Independent Living program in FY 2009. The program further offers educational and vocational counseling to service-disabled veterans recently separated from active duty and helps to expedite their reentry into the labor force. These services are also available to dependents of veterans who meet certain eligibility requirements.

The Office of Management and Budget (OMB) estimates the average cost of placing a service-disabled veteran in employment at \$8,385, as calculated by dividing VR&E program obligations by the number of veterans rehabilitated. The OMB does not, however, include a provision for inflation, increased tuition costs, and the numbers of veterans who drop out of the VR&E program or enter into an interrupt status of their rehabilitation plan. Comparisons to other vocational programs are not appropriate because nonfederal dollars are excluded when calculating the cost to place an individual in employment status.

Tens of thousands of regular military, guardsmen, and reservists are returning home from the global war on terrorism and transitioning to veteran status. This has resulted in a 13 percent increase in applications for services and a 10 percent increase in program participants, totaling 106,000 veterans enrolled in VR&E programs. As indicated earlier, the demand for services may well outpace the present funding levels for VR&E programs and overtax current staffing levels as they work diligently to deliver these important benefits.

*The Independent Budget* veterans service organizations are concerned that service members—whether regular military, National Guard, or Reserves—who are being discharged from military service with service-connected disabilities will not receive effective vocational rehabilitation services in a timely manner due to a lack of available resources. The FY 2009 current allocation of \$158,868,000 and a staff of 1,105 personnel may prove inadequate to meet the demand for such important services.

**Recommendation:**

Congress must provide sufficient funding and staffing to ensure that VA's Vocational Rehabilitation and Employment program can meet the increasing demand being placed on it, particularly with the many seriously injured service members returning from Iraq and Afghanistan who will need this assistance.

**VOCATIONAL REHABILITATION & EMPLOYMENT PRODUCTIVITY:***Staffing levels of the VA Vocational Rehabilitation & Employment (VR&E) Service are not sufficient to meet the needs of our nation's veterans in a timely manner.*

The VA VR&E Service 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. Due to the increasing number of service members returning from Iraq and Afghanistan with serious disabili-

ties, VR&E must strengthen its program to reflect these additional needs. Veterans utilizing VR&E require both vocational rehabilitation and employment services. There is no VA mission more important during or after a time of war than to enable injured military personnel to lead a productive life after serving their country.

Transition of disabled veterans to meaningful employment relies heavily on VA's ability to provide vocational rehabilitation and employment services in a timely and effective manner. Unfortunately, the demands and expectations being placed on the VR&E Service are exceeding the organization's current capacity to effectively deliver a full continuum of comprehensive programs. The service had been experiencing a shortage of staff nationwide because of insufficient funding, which, as a result, has caused delays in providing VR&E services to disabled veterans, thus reducing veterans' opportunities to achieve successful timely rehabilitation.

To increase emphasis on employment, the service has begun an initiative titled "Coming Home to Work." This is an early outreach effort to provide VR&E services to eligible service members pending medical separation from active duty at military treatment facilities. This and other new programs will require additional staff to maintain efforts nationwide.

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 drastically changed to career development and employment, it is not clear, despite VR&E's addition of 83 employment coordinators, whether VA is able to meet the current and future demand for employment services. It is just not good enough to say the program's focus is on employment, when the data demonstrate that only 9,000 veterans were placed in employment out of 90,000 active cases.

In addition, there is no specific data to demonstrate how long beyond 60 days that a newly employed veteran remains in the workforce. After the veteran has been placed, there is minimal follow-up by VR&E with the employer.

For many years, *The Independent Budget* veterans service organizations have criticized VR&E Service programs and complained that veterans were not receiving suitable vocational rehabilitation and employment services in a timely manner. Many of these criticisms remain a concern, including the following:

- inconsistent case management, with lack of accountability for poor decision making
- delays in processing initial applications due to staff shortages and large caseloads
- declaring veterans rehabilitated before suitable employment is retained for at least six months
- inconsistent tracking by the electronic case management information system
- failure to follow up with veterans, employers, and referral agencies beyond 60 days to ensure employment placements are appropriate for the veterans

---

### 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, by providing a more timely and effective transition into the workforce and providing placement follow-up with employers for at least six months.

The VR&E Service needs to use results-based criteria to evaluate and improve employee performance.

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

## VOCATIONAL REHABILITATION AND EMPLOYMENT NATIONAL SURVEY AND PERFORMANCE DATA:

*The Department of Veterans Affairs should report accurate performance data that include all veterans who participate in the Vocational Rehabilitation & Employment (VR&E) program and initiate a national survey to determine why veterans drop out prior to rehabilitation.*

Performance reporting for chapter 31 benefits is the mechanism used by VA and Congress to authorize funding and staffing needs for the VR&E program. VA consistently reports rehabilitation rates that reach the 70th percentile, but in reality these rates are much lower. In order to provide a more accurate assessment of the rehabilitation rate, it is imperative that VA also improve its performance reporting.

VR&E arrives at its percentage rate by starting with the number of veterans who no longer receive services under chapter 31. For FY 2008, this number was 16,169. This number is arrived at by taking the total number of rehabilitations (11,066, FY 2008) and adding all discontinued veterans (5,103, FY 2008) and then subtracting the Maximum Rehabilitations Gained (MRG) (1,550, FY 2008). This leaves 14,619 veterans classified as rehabilitated or 75.7 percent rehabilitated. The three MRG categories are (a) not employed and deemed unemployable; (b) employed but not following rehabilitation plan; and (c) employable but not interested in seeking employment.

In FY 2008 there were 91,735 veterans in VR&E, with 16,169 leaving the program for one of three reasons: rehabilitation, discontinuing the program, or being viewed as MRG. This accounts for 17.6 percent of the enrollees. VA does not disclose the average length of rehabilitation, nor does it indicate how many veterans are in their last year of eligibility. Under the assumption that a veteran has four years to complete his or her rehabilitation plan, 25 percent—or 22,000—enrolled veterans would have used their entire chapter 31 benefit in FY 2008. With 11,000 com-

pleting their rehabilitation plan, 50 percent of veterans in their last year of eligibility would be rehabilitated. Without complete data on the average months of usage and number of veterans who are in their last months of eligibility, finding an accurate rehabilitation rate is difficult at best.

A larger concern is the method of performance reporting of chapter 31 benefits programs under title 31. Because of the appearance of a high success rate in reporting, Congress is not completely aware of the overall performance rate when making resource allocation decisions.

Without clear accounting and understanding of why such a high percentage of chapter 31 benefits program participants are classed as MRG and what can be done to retain these veterans in a rehabilitation plan, VR&E will continue to be underfunded and appear deceptive in its reporting.

---

### Recommendations:

The Vocational Rehabilitation & Employment Service should initiate a nationwide study to reveal the reasons veterans discontinue participation in the VR&E program and use the information to design interventions to reduce the probability of veterans dropping out of the program.

The VR&E Service needs to report the true number of veterans participating in the program and accurate performance data in order for Congress to determine the sufficiency level of funding to be allocated to the program.

**VOCATIONAL REHABILITATION & EMPLOYMENT ELIGIBILITY:**

*Congress needs to change the eligibility requirements for the VA Vocational Rehabilitation and Employment (VR&E) program.*

The period of eligibility for VR&E benefits is 12 years from the date of separation from the military or the date the veteran was first notified by VA of a service-connected disability rating. Unfortunately, many veterans are not informed of their eligibility to VR&E services or do not understand the benefits of the program. In addition, veterans who later in life may become so disabled that their disabilities create an employment barrier would benefit from VR&E services well beyond the 12-year delimiting date. Eliminating VR&E's delimiting date would allow veterans to access the VR&E program on a needs basis for the entirety of their employable lives.

Veterans would still have to be approved by VR&E as having an employment handicap resulting from their service-connected disability and would still be subject to the total cap of services. However, dropping the arbitrary delimiting date would ensure rehabilitation for veterans should their service-connected disability negatively progress over time.

Furthermore, the current VR&E program can take up to several months to begin a program of training. This occurs primarily because VR&E is required to validate that entitlement is present. It is extraordinarily rare that entitlement is not found for the VR&E program. If a veteran has proven eligibility for VR&E, the entitlement should be assumed, thereby minimizing veterans' time in gaining access to VR&E programs.

**Recommendation:**

Congress needs to change the eligibility delimiting date for VA Vocational Rehabilitation and Employment services by eliminating the 12-year eligibility period for chapter 31 benefits and allow all veterans with employment impediments or problems with independent living to qualify for VR&E services for the entirety of their employable lives.

**MAXIMUM LENGTH OF PARTICIPATION AND ANNUAL CAP IN VOCATIONAL REHABILITATION AND EMPLOYMENT (VR&E) INDEPENDENT LIVING PROGRAM:**

*Congress should eliminate the 30-month maximum program participation for Independent Living Services and the statutory cap of 2,600 new, per annum, VR&E Independent Living program participants.*

The Independent Living (IL) Program, established by Congress in 1980, focuses on providing services to those 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. Recently, VR&E has made improvements to the program by hiring a national IL coordinator and establishing standards of practice in the delivery of IL services.

Unfortunately, current statute limits the time a veteran can receive IL services to a 30-month maximum and forces the VR&E to abide by an arbitrary cap of 2,600 new cases each year. This arbitrary cap was established many years ago during peacetime at 2,500 and was increased to 2,600 in 2008. The consequence of this cap is

that, as VR&E approaches the cap limit each year, it must slow down or delay delivery of independent living services for new cases until the start of the next fiscal year. While VR&E may not reach its cap of 2,600 participants per year, those VA personnel responsible for admission keenly monitor total admissions. As admissions approach this maximum allowed cap, veterans with severe disabilities who have been determined eligible and entitled to the VR&E program in the mid- to late summer have had to wait until October to receive full services.

*The Independent Budget* veterans service organizations recommend that VR&E be given additional professional full-time employment slots for IL specialist counselors who are fully devoted to delivering services to those in-

dividuals determined to have serious employment handicaps. We strongly oppose the arbitrary IL cap of 2,600 veterans. Furthermore, we anticipate that the continued military efforts in Iraq and Afghanistan will unfortunately result in greater numbers of service members who sustain serious injuries; therefore, the need for IL services will likely increase beyond current demand.

---

### Recommendations:

---

Congress should eliminate the 30-month maximum program participation for Independent Living Services (IL) and the statutory cap of 2,600 new, per annum, Voca-

tional Rehabilitation and Employment (VR&E) Independent Living program participants. The effect of the cap, with the increasing veteran demand for services, will delay needed IL programs to severely disabled veterans.

With the removal of the IL cap and a greater focus on serving veterans with severe disabilities, *The Independent Budget* also recommends that VR&E be given additional professional, full-time employment slots for IL specialist counselors who are fully devoted to delivering services to those individuals determined to have serious employment handicaps.



### VOCATIONAL REHABILITATION AND EMPLOYMENT COUNSELING PARTNERSHIPS:

*The Department of Veterans Affairs needs to improve its coordination with non-VA counselors and vocational programs to ensure that veterans are receiving the full array of benefits and services to which they are entitled in a timely and effective manner.*

The VA Strategic Plan for FY 2006–2011 reveals that the Department plans to continue the utilization of non-VA providers to supplement and complement services provided by VR&E staff. Many state vocational rehabilitation agencies have memorandums of understanding with their state departments of veterans' services to coordinate services for veterans with disabilities, and some state agencies have identified counselors with military backgrounds to serve as liaisons with VA and veterans groups. In addition, numerous nonprofit vocational rehabilitation providers have served veterans with disabilities for many years in partnership with VA.

There are challenges to these partnerships that VA needs to address. Whereas qualified providers can partner easily with most state vocational rehabilitation agencies, VA's national acquisition strategy is viewed as overly cumbersome by private providers wishing to serve veterans with disabilities. As a result, non-VA providers that could address some of the demand by veterans with disabilities for employment assistance are shut out by complicated contracting rules. At the same time, vocational rehabilitation agency staff may not always be fully prepared to address veteran-specific disability issues related to traumatic brain injury, post-traumatic stress disorder, and other combat-related injuries and conditions. In ad-

dition, there are concerns that eligibility criteria for state vocational programs vary across the country, and the potential exists for veterans with disabilities seeking employment help to be bounced between VA VR&E and state vocational rehabilitation agencies.

Even as it seeks to strengthen its engagement with the broader workforce development system, VR&E must maintain its responsibility to the veterans it serves by monitoring the quality and impact of vocational rehabilitation services delivered by these non-VA agencies.

---

### Recommendations:

---

The VA Vocational Rehabilitation and Employment (VR&E) Service should improve its national acquisition strategy to make it easier for qualified vocational rehabilitation providers to offer services to veterans with disabilities.

State vocational rehabilitation and VA VR&E programs should offer joint training to their staffs on traumatic brain injury, post-traumatic stress disorder, and other veteran-specific disability issues to improve cross-agency coordination.

VA should work with the Rehabilitation Services Administration to establish national criteria for state agencies' acceptance of veterans with service-connected disability ratings to avoid inconsistent admission policies that may unnecessarily deny services to these veterans.

Until such time as the Vocational Rehabilitation & Employment Service's resources can accommodate the full range of services needed by veterans with disabilities, better coordination with state vocational rehabilitation programs, One-Stop Career Centers and private sector vocational rehabilitation programs can help prepare veterans for interviews, offer assistance creating résumés, and develop proven ways of conducting job searches.

VR&E Service staff must improve the oversight of non-VA counselors to ensure veterans are receiving the full array of services and programs in a timely and effective manner.

The VR&E Service should improve case management techniques and use state-of-the-art information technology to track the progress of veterans served outside VR&E.

The VR&E Service should follow up with rehabilitated veterans for at least six months to ensure that the rehabilitation and employment placement plan has been successful.



### **NATIONAL VETERANS TRAINING INSTITUTE INADEQUATELY FUNDED:**

*The National Veterans Training Institute (NVTI) lacks adequate funding to fulfill its mission.*

The NVTI was established to train a variety of veterans' employment and training professionals. These service providers are located at each of the 3,100 One-Stop Career Centers nationwide, which include the Disabled Veterans' Outreach Program (DVOP), Local Veterans' Employment Representative (LVER), and other employment coordinators. DVOP/LVER specialists are also located throughout the country, such as at state workforce centers, and provide local outreach, including local and regional job fairs.

To date, 52,000 veterans' employment and training professionals have received training by the NVTI, which prepares them to help veterans make the difficult and uncertain transition from military to civilian life. DVOP/LVER specialists help provide jobs and job training opportunities for disabled veterans by serving as intermediaries between employers and veterans. They maintain contacts with employers and provide outreach to veterans. They also develop linkages with other agencies to promote maximum employment opportunities for veterans.

The NVTI was established in 1986 and is bound by law (title 38, section 4109, United States Code) to only provide specialized training to these veterans' representatives. It is administered by the Department of

Labor Veterans Employment and Training Service through a contract with the University of Colorado at Denver. The NVTI curriculum covers an array of topics that are essential to the performance of DVOPs, LVERs, and other veterans' employment specialists.

*The Independent Budget* veterans service organizations are concerned because, after many years of inadequate funding, appropriations for the NVTI received only a slight increase (FY 2010). This new level of funding will allow NVTI to maintain its current training schedule and curriculum, but will not provide necessary funding for the programs.

### **Recommendation:**

Congress must provide sufficient funding for NVTI to ensure necessary training is continued, while developing new programs and strategies for the training of state and federal personnel. Increased funding will allow for an increase in state-of-the-art web-based training.

**VETERAN ENTREPRENEURSHIP:**

*VA must have accountability in meeting the federal procurement goals of Executive Order 13360. Supporting service-disabled veteran-owned small businesses (SDVOSBs) contributes significantly in restoring quality of life while aiding these veterans in the transition from active duty to civilian life.*

Now more than ever, federal agencies must be held accountable to meeting the federal procurement goals outlined by Executive Order 13360 and Sections 15 (g) and 36 of the Small Business Act. As more and more service-disabled military members begin to transition into civilian life, many are choosing to start their new lives as entrepreneurs. Recent studies of our newly returning and current veteran population show a 33 percent increase in the formation of new business entities over the past 5 years. Currently there are more than 13,500 SDVOSBs registered in the Central Contractor Registration (CCR) database. Astoundingly, this number does not accurately reflect the true number of SDVOSBs and veteran-owned small businesses that may not yet be registered or have their statuses verified, or even be familiar with how to register for inclusion in federal procurement databases.

**Recommendations:**

There must be stronger oversight and outreach to all federal agencies by the U.S. Department of Labor, Office of Small Business Programs, 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 and plans to reach the 3 percent mandate.

Congress must ensure adequate resources are available to effectively monitor and identify agencies that are not meeting the 3 percent mandate and hold them accountable for failure to meet their mandated requirements. The annual reports filed by all federal agencies, reporting the prior fiscal year's actual percentage of the mandate achieved, should serve as guidance on which agencies need the most assistance in the development and implementation of stronger contracting plans.

**CENTER FOR VETERANS ENTERPRISE (CVE):**

*Dedicated funding and effective outreach strategy are key to CVE success.*

As the veteran-owned and service-disabled veteran-owned small business population continues to rise, it is vital that the Center for Veterans Enterprise be ready and able to meet the growing demand for its services. There have been many obstacles preventing the success of veteran-owned businesses. For this reason, VA established the CVE with the passage of the Veterans Entrepreneurship and Small Business Development Act of 1999.

The CVE is a subdivision of the Office of Small and Disadvantaged Business Utilization that extends entrepreneur services to veterans who own or who want to start a small business. It also helps federal contracting offices identify veteran-owned small businesses in response to Executive Order 133600, calling for federal contracting and subcontracting opportunities for service-

disabled veteran-owned small businesses (SDVOSBs). In addition, the CVE works with Small Business Administration (SBA) Veterans Business Development Centers nationwide regarding veteran business financing, management, bonding, and technical support for veteran entrepreneurs, with the goal of increasing the number of veteran and service-disabled veteran-owned small businesses. Unfortunately, the funding for this program is insufficient to meet the ever increasing needs of our nation's veterans.

**Recommendations:**

Congress must provide the Department of Veterans Affairs with dedicated funding to ensure the success of the Center for Veterans Enterprise so that it may fully

staff its organization to adequately meet the increasing demand for timely certification of veterans' status, as legitimate entrepreneurial entities.

VA must develop an effective outreach strategy to not only identify veteran-owned businesses, but also help to eliminate the barriers that veterans face in regard to the formation and development of their business ventures.



### **VA VENDOR VERIFICATION DATABASE:**

*All federal agencies should utilize a continually updated, single-source, centralized database in the verification of all businesses claiming preferred status as a veteran-owned small business (VOSB) or service-disabled veteran-owned small business (SDVOSB).*

At present, vendors desiring to do business with the federal government must register in the Central Contractor Registration (CCR) database, and those who indicate they are veterans or service-disabled veterans must self-certify their status without verification. Public Law 109-461 required VA to establish a Vendor Information Page database to accurately identify businesses that are 51 percent or more owned by veterans or service-disabled veterans. This database was originally designed to act as a reliable, centralized database providing all federal agencies a single source in the identification of possible SDVOSBs and VOSBs for consideration during their procurement processes. As of April 15, 2009, approximately 18,000 SDVOSBs were registered in the CCR. However due to a lack of oversight and uninformed inconsistent status verification processes, many veteran-owned businesses are not receiving the protections to which they are entitled under the law.

### **Recommendations:**

All federal agencies should be required to certify veteran status and ownership through the VA's Vendor Information Page program before awarding contracts to companies claiming veteran status.

Congress should take the necessary actions to require all federal agencies to use a single-source database in all verifications of veteran ownership statuses, before unknowingly awarding contracts to companies on the basis of claiming service-disabled veteran-owned small business or veteran-owned small business preference. Furthermore, internal promotion and education on proper usage of the database should coincide with its implementation.



### **PROTECTING VETERAN SET-ASIDES WITHIN THE FEDERAL PROCUREMENT SYSTEM:**

*Uniform training for staff is critical for the procurement process.*

Public Law 109-461, "Veterans Benefits, Health Care and Information Technology Act of 2006," was signed by President Bush on December 22, 2006. The law, which took effect on June 20, 2007, allows VA special authority to provide set-aside and sole-source contracts to small businesses owned and operated by veterans and service-disabled veterans. This legislation

is codified in title 38, United States Code, sections 8127 and 8128. More than two years have passed with still no significant change with regard to how federal contracting officers are trained. VA personnel involved in the acquisition process need to be trained and familiarized with all current and new authorizations and responsibilities under P.L. 109-461, and all other

procurement directives regarding veteran-owned small businesses and service-disabled veteran-owned small businesses (SDVOSBs). Our service-disabled veterans who own small business ca not afford to wait any longer for VA to become compliant with the law. As of April 15, 2009, approximately 18,000 SDVOSBs were registered in the Central Contractor Registration database.

---

### **Recommendation:**

---

VA must develop and implement a uniform training program for all staff involved with the federal procurement process. VA must also provide systems to identify the strengths and weaknesses in its procurement processes, as well as continued training and evaluations of contracting staff in an effort to successfully identify weaknesses within the program as a whole.



### **OUTREACH TO LOCAL AND NATIONAL EMPLOYERS:**

*Most potential employers are not clear on how to connect with veterans.*

Educating employers on how to connect with the veterans community, on local and national levels, is key to ensuring the success and increased employment opportunities to veterans nationwide. Recent studies indicate an overwhelming desire by employers to hire veterans. However, these same studies also indicated that most potential employers were not clear on how to connect with veterans to offer these employment opportunities. This is a serious problem that must be addressed immediately. In regard to federal procurement, Office of Federal Contract Compliance Programs 2007 rules and regulations do not address federal contractors' requirements to do active outreach to the veterans' community. Employer relations are a pivotal component to successful veteran entrepreneurship.

---

### **Recommendation:**

---

The Department of Labor's Small Business Administration, Office of Federal Contract Compliance Programs, and Employment & Training Administration must collaborate in designing and implementing a single-source database and employer outreach program for the promotion of veterans' entrepreneurship at the local and national level. This system must allow all employers to locate veterans for employment. Additionally, all veterans must have equal access to federal subcontracts held by larger prime contractors.



### **VETERAN-OWNED SMALL BUSINESS SET-ASIDE PROGRAM:**

*There must be better oversight and stronger enforcement of the set-aside program for veteran-owned small businesses.*

In 1978 Congress passed the Small Business Act, which created 23 percent small business set-asides for federal contracts. The objective of the set-aside program was to act as a tool for achieving economic and national security policy, as stated in the Small Business Act's preamble. In addition to this act, Congress has passed several laws

granting service-disabled veteran-owned small business (SDVOSB) and veteran-owned small business (VOSB) preference in many procurement processes. However, the Small Business Administration Office of Inspector General and numerous investigations by VA's Office of Inspector General have indicated that an alarmingly large

number of procurement awards, designated as set-asides for SDVOSBs and VOSBs, have been awarded to large nonveteran businesses, yet these agencies are still receiving credit as having awarded the contracts to veterans.

---

### Recommendation:

---

The Department of Veterans Affairs, Department of Labor, Small Business Administration, and Office of Federal Contract Compliance Programs must exercise

better oversight and stronger enforcement of consequences for any government agency or nongovernment business claiming to be awarding set-asides to veteran-owned businesses when, in fact, they are not. These agencies must place an immediate focus on proactive measures to eliminate untruths, such as “rent a vet,” and cease to exercise “reactive” strategies. VA, the DOL, the SBA, and the OFCCP should pool their resources and successful strategies to ensure swift action and nonduplication of measures.



### VA PENSION WORK DISINCENTIVES:

*VA pension work disincentives should be removed.*

Many veterans, who serve this country honorably and are discharged in good health, later acquire significant disabilities. If their income is low enough, they will qualify for VA pension. The Veterans Pension Program is often likened to Supplemental Security Income (SSI) under Social Security. However, unlike SSI, 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, however, not only will their SSDI benefit be terminated but their VA pension benefits will be reduced, dollar for dollar, by their earnings.

More than 20 years ago, under Public Law 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 eligi-

bility 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.<sup>3</sup> Now that veterans with catastrophic nonservice-connected disabilities retain access to VA health care, work incentives for the VA pension program should be reexamined and policies toward earnings should be changed to parallel those in the SSI program.

---

### Recommendation:

---

Work disincentives in the Veterans Pension Program should be reexamined 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.

---

<sup>3</sup> *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](http://www1.va.gov/op3/docs/pension.pdf).