

Career and Occupational Assistance

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 veterans, often encounter barriers to entry or reentry into the workforce and 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.

The Department of Defense indicates that each year approximately 25,000 active duty service members are found "not fit for duty" due to medical conditions that may qualify for VA disability ratings and eligibility to Vocational Rehabilitation and Employment (VR&E) services. In response to criticism of the VR&E Service, a VR&E task force was formed to conduct an "unvarnished top-to-bottom independent examination, evaluation, and analysis" of the program and 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 (Congressional Research Service Report for Congress RL34627). In March 2004, the task force released its report with 110 recommendations for VR&E improvements. By the end of fiscal year 2007, only 89 had been implemented.

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

- the need for more aggressive and proactive approaches to serving veterans with serious employment barriers;
- a limited number 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; and
- the possibility that the current 12-year limit for veterans to take advantage of VR&E may be unrealistic.

The Independent Budget continues to support the recommendations of the VR&E task force and the VDBC:

- expanding access to all medically separated service members;
- making all disabled veterans eligible for vocational rehabilitation counseling services;
- screening through VR&E counselors all applicants for individual unemployability ratings;
- increasing VR&E staffing and resources, tracking employment success beyond 60 days, and implementing satisfaction surveys of participants and employers; and
- creating incentives to encourage disabled veterans to complete their rehabilitation plan.

The Independent Budget veterans service organizations look forward to monitoring the continued implementation of these recommendations and future program changes.

Career and Occupational Assistance Programs

VOCATIONAL REHABILITATION AND EMPLOYMENT

VOCATIONAL REHABILITATION AND EMPLOYMENT FUNDING:

Congressional funding for the VA Vocational Rehabilitation and Employment (VR&E)

Service must keep pace with veteran demand for VR&E services.

The VR&E program is authorized by Congress under title 38, United States Code and is better known as chapter 31 benefits. The program provides services and counseling necessary to enable service disabled veterans to overcome employment barriers and allow them to prepare for, find, and maintain gainful employment in their communities. The program also provides independent living services to those veterans who are seriously disabled and are unlikely to secure suitable employment at the time of their reentry back to private life. 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. However, OMB calculations do not include a provision for inflation, increased student tuition costs, and the numbers of veterans who drop out of the VR&E program or enter interrupt status of their rehabilitation plan. Comparisons to other vocational programs are not appropriate since nonfederal dollars

are excluded when calculating their cost to place an individual in employment status.

Many veterans are facing significant challenges as they return home from the global war on terrorism. These large numbers of regular military, National Guard, and Reserves are creating tens of thousands of new veterans, many of whom are eligible for VR&E programs. As indicated earlier, present funding levels for VR&E programs cannot keep pace with the current and future demands for VR&E benefits.

The Independent Budget veterans service organizations are concerned that service members, National Guard, and Reservists involved in the global war on terrorism 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.

Recommendation:

Congress must provide the funding level to meet the increasing veteran demand for VA Vocational Rehabilitation and Employment program services.

VOCATIONAL REHABILITATION AND 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 VR&E Service is charged with the responsibility to prepare service-disabled veterans for suitable employment and provide independent living services to those veterans with severe disabilities and who are unlikely to secure suitable employment at the time of their entry into the program. VR&E must begin to strengthen its program due to the increasing number of service members returning from Afghanistan and Iraq with serious disabilities. These veterans 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 have a seamless transition from military service to a productive life after serving their country.

Success in the transition of disabled veterans to meaningful employment relies heavily upon 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 the veteran's opportunity to achieve successful rehabilitation.

To increase emphasis on employment, the service has begun an initiative titled "Coming Home to Work" as 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. We must stress the point again, that VA must increase VR&E staffing levels to meet the increasing demand our nation's veterans have for services.

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. Once the veteran is 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 of electronic case management information system; and
- failure to follow up with veterans, employers, and referral agencies beyond 60 days to ensure employment placement is appropriate for the veteran.

Recommendations:

VA needs to strengthen its Vocational Rehabilitation and Employment 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 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 the VR&E, chapter 31 benefits program, which is used by VA and Congress to authorize funding and staffing needs, must be improved. For example, in FY 2006, VA reported a rehabilitation rate of 73 percent in its Performance and Accountability Report and Budget Submission. However, VA excluded veterans who discontinued participating in the program without implementing a written rehabilitation plan, even though these veterans represent a majority of veterans served by the program. When calculating the rehabilitation rate including all participants, the VR&E success rate would be 18 percent. As a result, decision makers and Congress are not totally aware of the overall performance rate when making decisions on needed resources.

Recommendations:

The Independent Budget veterans service organizations recommend that the Vocational Rehabilitation & Employment Service initiate a nationwide study to reveal the reasons why 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 for budgetary and other resource decisions.



VOCATIONAL REHABILITATION AND 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.

Many veterans who served this country honorably and returned from service uninjured acquire nonservice-connected disabilities post-discharge and, if these disabilities are severe enough, they will be eligible for Social Security Disability Insurance. Under current law, they will not be eligible for the VR&E program but must rely on vocational and employment help from

state vocational rehabilitation programs, Social Security work incentives, Department of Labor veterans programs, and other private sector options available to most people with disabilities. In addition to forcing veterans with nonservice-connected disabilities to seek vocational services outside the VA, this adds to increasing demands placed on non-VA vocational rehabilitation programs, which are also underfunded.

Recommendations:

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.

The VR&E Service must develop an aggressive outreach program to inform veterans of the benefit of participating in the VR&E program.

VA needs to streamline eligibility and entitlement to VR&E programs to provide earlier intervention and assistance to disabled veterans.



VOCATIONAL REHABILITATION AND EMPLOYMENT INDEPENDENT LIVING PROGRAM ANNUAL CAP:

Congress needs to eliminate the Vocational Rehabilitation & Employment (VR&E) Independent Living annual participation cap.

The VR&E Independent Living (IL) program was established by Congress in 1980 to serve severely disabled veterans who were determined by VA to be unable to obtain and retain suitable employment due to their disabilities. The IL program provides these disabled veterans services to enable them to achieve maximum independence in daily living. However, Chapter 31, title 38, United States Code, limits the maximum length VA can provide services to 30 months and restricts the number of disabled veterans who can be placed in the program to 2,500 annually. Therefore, because of this cap, the VR&E Service has instructed VA regional offices to discontinue placing veterans into IL status as they approach the 2,500 participant cap. It is this anticipation of exceeding the cap that has delayed access of eligible veterans into the IL program.

In May of 2007, the VA Secretary stated that “VR&E anticipates a steady increase in demand for IL services over the next 10 years based on historical data and the increased need for IL services by OEF and OIF veterans.”¹⁹⁹ VA estimates a program growth of 10 percent in FY 2009 and future years.

The Independent Budget veterans service organizations believe that the ever-growing number of seriously disabled veterans returning from the conflicts in Iraq and Afghanistan could result in significant demand for IL services and low-cost transitional housing. VA should not be constrained from providing these services by an arbitrary cap on new cases or limit the amount of time they may provide services. Many of the newly injured veterans have multiple complex disabilities that will require long-term management and programs to include IL services.

Recommendation:

Congress should eliminate the 30-month maximum requirement for providing Independent Living services and the statutory cap of 2,500 new Vocational Rehabilitation and Employment Independent Living program participants because the effect of the cap and the increasing veteran demand for services delays providing needed IL programs to severely disabled veterans.

¹⁹⁹ DVA OIG Report 06-00493, December 17, 2007.

FOLLOW-UP ON REFERRALS TO OTHER AGENCIES FOR ENTREPRENEUR OPPORTUNITIES:

VA Vocational Rehabilitation and Employment (VR&E) Service staff should follow up with veterans who are referred to other agencies to ensure the veterans' entrepreneur opportunities have been achieved.

VR&E has expanded its effort toward fostering awareness and opportunities for self-employment by signing memorandums of understanding with the Department of Labor, the Small Business Administration, the Veterans Corporation, and SCORE. They have also implemented the Five Track Employment Process, which places emphasis on self-employment as a potential for gainful employment. VR&E has further included self-employment in standardized operation materials, online employment sources, and information guides. However, VR&E must follow up with veterans who were referred to other agencies for entrepreneur

opportunities and reassess their employment needs if they were not successful.

Recommendation:

Vocational Rehabilitation & Employment Service staff must follow up with veterans after being referred to other agencies for self-employment to ensure that veterans' entrepreneur opportunities have been successfully achieved.



VOCATIONAL REHABILITATION AND EMPLOYMENT COUNSELING PARTNERS:

VA needs to improve its coordination with non-VA counselors to ensure that veterans are receiving the full array of Vocational Rehabilitation and Employment (VR&E) programs and services in a timely and compassionate manner.

VA's Strategic Plan for FY 2006–2011 reveals that VA plans to continue the utilization of non-VA providers to supplement and complement services provided by VR&E staff. Numerous nonprofit vocational rehabilitation providers have served veterans with disabilities for many years in partnership with the VA. Unlike state vocational rehabilitation processes, through which qualified providers partner with state agencies to provide vocational rehabilitation services, the VA's national acquisition strategy is viewed as overly cumbersome. 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, 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 Service should improve its national acquisition strategy to make it easier for qualified vocational rehabilitation providers to offer services to veterans with disabilities.

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.

BUILDING VOCATIONAL REHABILITATION COUNSELING PARTNERSHIPS:

There are 10 times as many state vocational rehabilitation counselors as there are VA Vocational Rehabilitation and Employment (VR&E) counselors across the nation.

Given these statistics, it is evident that state vocational rehabilitation agencies could amplify the assistance available to veterans with disabilities if appropriate outreach and partnerships are established. Many state vocational rehabilitation agencies have memorandums of understanding with their state departments of veterans services to coordinate services to veterans with disabilities, and some state agencies have identified counselors with military backgrounds to serve as liaisons with the VA and veterans groups. 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 also 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 and the potential for veterans to be bounced between state vocational rehabilitation and VA VR&E.

Recommendation:

VA needs to utilize more effectively those resources within the nation's workforce development system that focus on obtaining and maintaining gainful employment for 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.

**VETERAN ENTREPRENEURSHIP:**

Promotion of self-employment continues to be a challenge for the Department of Veterans Affairs.

Increasing attention has been called to the entrepreneurial needs of American veterans, particularly those who have service-connected disabilities. Not since the Vietnam War have American veterans experienced such high rates of disabilities. For many of these veterans, self-employment will be the only alternative to employment and successful reintegration back into society.

More than one-third of both new veteran entrepreneurs and current veteran business owners have gained skills from their military service that are relevant to business ownership. Several government reports indicate that approximately 22 percent of America's war fighters returning from the war on terrorism are purchasing, starting, or considering starting a small business. Unfortunately, there are many obstacles for them to overcome. There are major issues that veterans face, including financing, bonding, and access to federal con-

tracts. These necessary business elements have become so restrictive that it has become impossible for many veterans to establish or maintain their own small business enterprises.

As an effort to resolve these problems, a new VA program entitled the Center for Veterans Enterprise (CVE) was established by 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 veteran-owned small business. It also helps federal contracting offices to identify veteran-owned small businesses in response to Executive Order 133600 calling for federal contracting and subcontracting oppor-

tunities for Service-Disabled Veteran-Owned Small Businesses. In addition, the CVE works with the Small Business Administration's Veterans Business Outreach Centers nationwide regarding veteran business financing, management, bonding, and providing 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 should provide VA with additional funding for the Center for Veterans Enterprise so it can meet the increasing veteran demand for entrepreneurial services.

VA must help eliminate the barriers that veterans face when trying to establish and/or maintain a veteran- or service-disabled veteran-owned small business.



VA FAILURE TO IMPLEMENT P.L. 109-461 CONTRACTING:

VA has yet to approve any policy or procedures to guide VA contracting officers on how to set aside and/or award sole source contracts for service-disabled veteran-owned small businesses.

Public Law 109-461, the Veterans Benefits, Health Care and Information Technology Act of 2006, was signed into law by President Bush on December, 22, 2006, and required the law to take effect by June 20, 2007. The law 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 38 United States Code sections 8127 and 8128.

Nearly two years have passed, and Acquisition and Material management staff, in conjunction with VA attorneys, have yet to approve any policy or procedures to guide VA contracting officers on how to set aside and/or award sole source contracts for service-disabled veteran-owned small businesses. Without specific guidance and changes to the Federal Acquisition Regula-

tions, existing acquisition policy will continue to apply. VA personnel involved in the acquisition process need to become familiar with the new authorization and their responsibilities under P.L. 109-461. Our service-disabled veterans who own small businesses cannot afford to wait any longer for VA to become compliant with the law.

Recommendation:

VA must expedite the overdue implementation of P.L. 109-461 so veteran entrepreneurs can receive set-aside and sole source contracts. Further delays in approving policy and regulation endanger the success and longevity of recently established service-disabled veteran-owned small businesses.

VETERAN SURETY BONDING:

Surety bonding levels provided by the Small Business Administration (SBA) are inadequate for veteran entrepreneurs to compete in today's construction field.

Surety bonding continues to be a major problem for service-disabled veteran-owned small businesses in the construction field. Surety bonding levels currently guaranteed by SBA at \$2 million are grossly inadequate for today's federal construction process. Service-disabled veterans who are small business owners find it difficult to obtain surety bonding required by federal contracting officers to compete for government contracts. Service-disabled veteran small business owners also have difficulties preparing their businesses to withstand the scrutiny of the surety bonding process, especially when working on other construction projects.

Recommendation:

VA needs to establish a shared bonding process in conjunction with the Small Business Administration and provide a process to increase bonding limits upward to \$15 million, which is necessary for service-disabled veterans to compete in today's construction market. VA should also develop a program for service-disabled veterans to teach them how to prepare their companies to overcome the obstacles that preclude them from obtaining surety bonding in a timely and efficient manner.

**VA VENDOR INFORMATION PAGE DATABASE:**

Government agencies need a one-stop access to identify veteran-owned and service-disabled veteran-owned small businesses and verify their veteran status.

At the present time, 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, self-certify their status without verification. P.L. 109-461 required VA to establish a Vendor Information Page (VIP) database designed to identify businesses that are 51 percent or more owned by veterans or service-disabled veterans. Congress should take appropriate steps to require all agencies to use VIP to certify veteran status and ownership before awarding

contracts to companies claiming to be a veteran-owned or service-disabled veteran-owned small business.

Recommendation:

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 to be veteran-owned or service-disabled veteran-owned small businesses.

TRAINING INSTITUTE INADEQUATELY FUNDED:

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

The NVTI was established to train federal and state veterans' employment and training service providers. Primarily, these service providers are Disabled Veterans' Outreach Program (DVOP), Local Veterans' Employment Representative (LVER), and employment coordinators under the VA Vocational Rehabilitation and Employment (VR&E) Service. DVOP/LVER specialists are located throughout the country at various locations, such as state workforce centers. VA employment coordinators are found at VA VR&E Service offices and VA medical centers.

These employment specialists help veterans make the difficult and uncertain transition from military to civilian life. They 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 authorized in 1988 by P.L. 100-323. It is administered by the Depart-

ment 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 DVOP/LVER and VA employment coordinators and provides them with the knowledge and ability to assist veterans in their quest to obtain and maintain meaningful employment. *The Independent Budget* veterans service organizations are concerned because, after several years of level funding, appropriations for the NVTI have decreased. This reduction compromises the ability of the institute to provide quality training to those individuals serving veterans.

Recommendation:

Congress must fund the National Veterans Training Institute at an adequate level to ensure training is continued as well as expanded to state and federal personnel who provide direct employment and training services to veterans and service members in an ever-changing environment.