

**TESTIMONY OF
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VETERANS' EMPLOYMENT AND TRAINING
U.S. DEPARTMENT OF LABOR
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BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS AFFAIRS
HOUSE OF REPRESENTATIVES**

Chairman Stutzman, Ranking Member Braley, and Members of the Subcommittee:

Thank you for the opportunity to appear as a witness before the Subcommittee and speak to you on the President's Fiscal Year (FY) 2012 budget request for the Veterans' Employment and Training Service (VETS) and the performance of the state grant program that funds the Disabled Veteran Outreach Program specialist (DVOP) and the Local Veterans Employment Representative (LVER) programs.

VETS proudly serves Veterans and transitioning Service Members by providing resources and expertise to assist and prepare them to obtain meaningful careers, maximize their employment opportunities and protect their employment rights. We do that through four major programs that are an integral part of Secretary Solis's vision of "*Good Jobs for Everyone.*"

- The Jobs for Veterans State Grants (JVSG);
- The Transition Assistance Program Employment Workshops (TAP);
- The Homeless Veterans' Reintegration Program (HVRP); and
- The Uniformed Services Employment and Reemployment Rights Act (USERRA).

Since being confirmed, I have incorporated stakeholder feedback into five aspirations that VETS will pursue during my tenure as Assistant Secretary in order to achieve our desired outcomes:

1. Providing Veterans and transitioning Service Members a voice in the workplace by serving as *the* National focal point for Veterans' employment and training.
2. Creating a path to good jobs for Veterans through increased engagement with employers, with a particular emphasis on the private sector.
3. Helping Service Members transition seamlessly into meaningful employment and careers while emphasizing success in emerging industries such as green jobs.
4. Facilitating a return to work for Service Members and protecting vulnerable populations through boosting USERRA's impact by increasing awareness of and commitment to it.
5. Investing in VETS' team members and emphasizing continuous improvement to further develop their potential and better serve our clients.

Over the past 1 ½ years, VETS has prioritized efforts to transform TAP, implement an employer outreach program, reach out to rural Veterans, and incorporate best practices into USERRA investigations.

This year, we will be reviewing the JVSG program to obtain a current assessment of its efficacy. The program is now over eight years old, and, to date, VETS has not conducted a comprehensive, formal review to determine what improvements are needed. To that end, our State Directors have begun discussions with their State Veteran Coordinator counterparts to gain a clearer picture of how the JVSG program is helping Veterans gain meaningful employment and whether any improvements are needed to help States achieve their outcome measures. We are particularly interested in the effectiveness of

LVER employer outreach strategies, and whether it would be beneficial for DOL/VETS to assist States in developing relationships with large, national employer associations.

We also intend to create an online “Community of Practice” that leverages social networking so that DVOPs and LVERs can: 1) post questions and topics they need assistance with; and 2) share solutions and resources. Professional communities benefit tremendously when they have a way to share information with each other in a timely manner. Indeed, the “Community of Practice” model was one of the Harvard Business Review’s “Breakthrough Ideas for 2006” and the example profiled was the U.S. Army’s “Company Command.com” (<http://cc.army.mil/index.htm>).

In addition, VETS continues to strengthen grant oversight of the JVSG. On February 18, 2011, DOL published a Notice of Proposed Rule Making in the Federal Register

(<http://frwebgate3.access.gpo.gov/cgi-bin/PDFgate.cgi?WAISdocID=A50xoy/0/2/0&WAISaction=retrieve>)

proposing a rule to implement a uniform national threshold entered employment rate (EER) for veterans applicable to State employment service delivery systems. The Department undertakes this rulemaking in accordance with the Jobs for Veterans Act, which requires the Department to implement that threshold rate by regulation. The purpose of this Proposed Rule is to establish the uniform national threshold EER for use in determining deficiencies in States' performance in assisting veterans to meet their employment needs. The Proposed Rule also explains how the threshold will be used in the process of identifying those States to be reviewed for a potential determination of deficiency, and it identifies certain factors, in addition to the threshold, that will be included in the Department's review to determine deficiency.

Fiscal Year 2012 Budget Request

For FY 2012, the Department is requesting \$261,036,000 for VETS, an increase of \$4,909,000 over FY 2010. This increase will 1) support the Department of Defense’s goal of increased participation by transitioning National Guard and Reserve Component Service Members at the Transition Assistance Program Employment Workshops (TAP),

and 2) provide additional employment services grants for homeless Veterans through the Homeless Veterans' Reintegration Program (HVRP).

The mission of VETS is a direct reflection of the Nation's responsibility to meet the employment, training and job security needs of Americans who served in uniform. VETS helps Veterans obtain positive employment outcomes through services provided at One-Stop Career Centers and other locations. Grants are provided to State Workforce Agencies (SWA) to support staff dedicated to serving Veterans. VETS ensures that Veterans who require special assistance due to disabilities or other barriers to employment receive appropriate services based on their needs. VETS also provides funding, through the HVRP and Veterans' Workforce Investment Program (VWIP), to organizations that serve eligible Veterans.

The U.S. military services annually discharge approximately 160,000 active duty Service Members and approximately 110,000 Reserve and National Guard Service Members. VETS expects greater demand for transition assistance and employment services for Veterans over the next few years. FY 2012 should be the first year of implementation of a new, completely reengineered and transformed TAP employment workshop that will encompass the most significant changes to TAP in its 19-year history. This will be accomplished via the following six components: 1) pre-work, 2) best practice content, 3) experiential facilitation, 4) after-TAP support, 5) an online e-learning platform, and 6) performance metrics.

VETS protects the employment and reemployment rights of Veterans and members of the National Guard and Reserve Forces through two major labor laws. Under the provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA), VETS ensures that Service Members can serve on active duty without harm to their employment status. Under the Veterans' Employment Opportunities Act (VEOA), VETS ensures that Veterans obtain the preferences in Federal hiring that agencies are required to apply.

VETS meets its responsibilities through budget activities that directly support the Secretary's vision of "*Good Jobs for Everyone*" through the strategic goal of "Prepare Workers for Good Jobs and Ensure Fair Compensation." The VETS budget is formulated through six budget activities described below:

Jobs for Veterans State Grants (JVSG) – The FY 2012 request of \$165,394,000 will support Disabled Veterans' Outreach Program (DVOP) specialists, Local Veterans' Employment Representative (LVER) staff, and respond to exigencies. The JVSG helps Veterans find good jobs by providing employment services at One-Stop Career Centers and other locations. DVOPs and LVERs are state employees whose salaries and benefits are funded through formula grants to the states, District of Columbia, Puerto Rico, Virgin Islands, and Guam. At the funding requested, it is expected that 624,000 Veterans will receive employment services through this program.

DVOPs and LVERs are primarily stationed at the One-Stop Career Centers where they provide intensive services to Veterans and outreach to employers. In addition, VETS is collaborating with the Department of Veterans Affairs Vocational Rehabilitation and Employment (VR&E) service by stationing DVOP specialists at VA Regional Offices and other points of entry to help VR&E participants find good jobs. DVOPs are also stationed at military medical treatment facilities to provide one-on-one employment services to wounded warriors through the DOL REALifelines Program.

Many DVOPs and LVERs are outstationed with, or in support of, other VETS programs and are critical to the success of those programs. This includes:

- Homeless Veterans' Reintegration Program
- Veterans' Workforce Investment Program
- Transition Assistance Program
- Reintegration of Incarcerated Veterans

Transition Assistance Program (TAP) - In FY 2012, VETS requests that the Transition Assistance Program be funded at \$9,000,000, renewing our FY 2011 request to fund this as a separate activity. This is \$2,000,000 above the level for FY 2010. VETS anticipates increased demand for TAP Employment Workshops in connection with the Department of Defense's Yellow Ribbon Reintegration Program, and in providing workshops to retiring Reserve and National Guard members, which represent two populations not fully supported in previous years.

This funding level helps Service Members and their spouses make the initial transition from military service to the civilian workplace with less difficulty. TAP for active Service Members consists of comprehensive two and one-half day employment workshops at military installations nationwide and at select military installations overseas. Professionally-trained workshop facilitators present the workshops.

Homeless Veterans' Reintegration Program (HVRP) – The FY 2012 request is \$39,330,000, an increase of \$3,000,000 over the FY 2010 level. This increase should allow for an additional 11 grants serving an additional 1,710 participants. Up to \$4,000,000 of the requested amount will be to serve the reintegration of incarcerated Veterans. This request will also support separate grants totaling \$5,300,000 for female homeless Veterans and homeless Veterans with families.

HVRP grants are awarded competitively to state and local workforce investment boards, state agencies, local public agencies, and private non-profit organizations, including faith-based organizations and neighborhood partnerships. HVRP grantees provide an array of services utilizing a holistic case management approach that directly assists homeless Veterans and provides training services to help them to successfully transition into the labor force.

At the funding level requested, it is expected that 26,710 Veterans will receive employment services funded through 162 grantees.

Veterans' Workforce Investment Program (VWIP) – The FY 2012 request of \$9,641,000 will allow VETS to award competitive grants geared toward focused training, re-training and employment opportunities for recently separated Veterans, Veterans with service-connected disabilities, Veterans with significant barriers to employment and Veterans who served on active duty during campaign badge wars, expeditions or campaigns. These grants are awarded to meet the needs of employers for qualified workers in high demand industries, particularly those occupations requiring a license or certification.

In FY 2009, the Veterans' Workforce Investment Program was refocused to provide training and employment services in green energy occupations as envisioned in the Green Jobs Act of 2007. Grants were awarded competitively to 17 grantees in FY 2009, and an additional five grants were awarded in FY 2010.

At the funding level requested, it is expected that 4,600 Veterans will receive employment services funded through 22 grantees.

National Veterans' Employment and Training Services Institute (NVTI) – The FY 2012 request of \$2,449,000 will allow NVTI to continue to provide training to Federal staff and Veteran service providers.

NVTI was established to ensure a high level of proficiency and training for staff that provide Veterans employment services. These staff members include the DVOPs and LVERs funded through the Jobs for Veterans State Grants budget activity, the VETS federal staff who are trained in USERRA and Veterans Preference enforcement, and all facilitators for the Transition Assistance Program Employment Workshops.

NVTI provides this training in competency based training courses. The primary objective is to increase the service providers' productivity through increased knowledge. The NVTI effort ensures universality of training services for Veterans and all direct client service providers.

Federal Management – The FY 2012 request of \$35,222,000 will provide adequate support for VETS’ planned FTE level of 227.

The Federal Management budget activity supports the management and oversight necessary to implement the agency’s activities, programs and initiatives, to include the programs contained in the other five budget activities.

This activity includes: investigation of USERRA claims; investigation of Veterans’ Preference complaints; education and outreach on USERRA and Veterans Preference; grant oversight of the Jobs for Veterans State Grants; grant oversight of the Homeless Veterans’ Reintegration Program competitive grants; grant oversight of the Veterans’ Workforce Investment Program competitive grants; technical and managerial oversight of the Transition Assistance Program Employment Workshops; and technical and contract oversight of the National Veterans’ Training Institute.

Disabled Veteran Outreach Program Specialists (DVOP) and the Local Veterans Employment Representatives (LVER) programs

The Disabled Veteran Outreach Program Specialists (DVOP) program and the Local Veterans Employment Representatives (LVER) programs are known collectively as the Jobs for Veterans State Grants program (JVSG).

The Disabled Veterans' Outreach Program (DVOP) is a State grant program started in 1977 and authorized by Section 4103(A) of Title 38, United States Code. DVOP specialists provide intensive employment assistance to meet the employment needs of eligible Veterans. DVOP specialists provide intensive services at the One-Stop Career Centers and at the VA’s Vocational Rehabilitation and Employment (VR&E) offices. They also provide recovery and employment assistance to wounded and injured Service Members receiving care at Department of Defense military treatment facilities and Warrior Transition Units through the Recovery & Employment Assistance Lifelines (REALifelines) program. DVOPs focus their services to special disabled Veterans and

disabled Veterans. DVOPs also provide services through the Homeless Veterans' Reintegration Program, Veterans' Workforce Investment Program, Transition Assistance Program, and Incarcerated Veterans' Transition Program.

The Local Veterans' Employment Representative (LVER) program is a State grant program authorized by Section 4104, Title 38, United States Code. LVER staff conduct outreach to employers and engage in advocacy efforts with hiring executives to increase employment opportunities for Veterans, encourage the hiring of disabled Veterans, and generally assist Veterans to gain and retain employment. LVER staff conduct seminars for employers and job search workshops for Veterans seeking employment, and facilitate the provision of employment, training, and placement services to Veterans by all staff of the employment service delivery system. In addition, LVER staff maintain cooperative working relationships with community organizations that provide complementary services and referral.

In your letter of invitation to testify, you asked a series of questions. Our responses to those questions follow:

What are the demographics of the Veterans who are seeking employment?

For calendar year 2010, there were 22,011,000 Veterans in the country. There were 11,758,000 in the labor force, and of this group, 1,020,000 (8.7%) were unemployed. Of the 1,020,000 unemployed, 78 percent are white, 17 percent are black, and 7 percent are Hispanic. In terms of age, about half are aged 45-64 years.

What are the 10 states with the lowest overall performance in meeting the common measure goals and what does the Department propose to improve the performance of those states?

The Department uses three Common Measures to measure the outcomes experienced by participating job seekers. The first is the Entered Employment Rate (EER), which is the percent of the participants who are employed in the quarter after the last quarter in which they received services. The second measure is the Employment Retention Rate (ERR),

which is the percent of those entering employment who also are employed in the first and second quarters after entering employment. The third is Average Earnings, which is the total earnings in the second and third quarters after the exit quarter for those who are employed in the first, second, and third quarters after the exit quarter.

Grantees are required to report on a quarterly basis these outcome measures for both the One-Stop level and the Grant level. The One-Stop level records the measures for all Veterans served by either Wagner-Peyser funded staff or the JVSG. The One-Stop level outcomes are posted on the DOL website at <http://www.dol.gov/vets/vetoutcomes/index.htm>. Chart 1 on page 15 displays the current performance by state.

What are the goals and actual performance for each common measure?

Measures	PY 2010 Target	PY 2010 Q1 Results
Entered Employment Rate for Veterans	44.8%	45%
Employment Retention Rate for Veterans	71.2%	75%
Average Earnings for Veterans	\$16,535	\$15,985
Entered Employment Rate for Disabled Veterans	41.7%	42%
Employment Retention Rate for Disabled Veterans	70.8%	75%
Average Earnings for Disabled Veterans	\$16,969	\$16,521

The actual performance by state is shown on chart 1 on page 15.

What is the President’s proposed budget for the Veterans Employment and Training Service and what will be the effect(s) of that funding on each of the common measures?

The President's Budget Request for FY 2012 for the JVSG is \$165,394,000. We do not expect the level of funding to have an impact upon the Common Measures. These outcome measures are not affected by the change in funding level, since they are efficiency measures that reflect the quality of the service, but not the workload or output of the service. For example, EER measures the percent of participants who receive a staff assisted service and then achieve employment. It is our perspective that two factors which have the greatest impact on EER are the economic conditions within the state and the availability of job openings than by the level of funding for the program.

How many DVOPS and LVERs will the President's proposed budget support?

For FY 2012, we estimate that the JVSG will support a total of 2,117 DVOPs and LVERs. Under current legislation States have the ability to adjust the number of DVOP and LVER positions they will support, as they believe appropriate, for each year.

In FY 2011, the States have projected to support 1,146 DVOP Full Time Equivalent (FTE) and 971 LVER FTE.

How much Fiscal Year 2010 state grant funding was recovered from the states and what was done with that funding?

Although VETS must obligate Fiscal Year funds by September 30th of each year, the State Grants appropriation language allows States to obligate those same funds through December 31st of each year. Under VETS current guidance States have until March 31st to liquidate those funds obligated by December 31st. Therefore, VETS will not be able to determine the amount of FY 2010 unobligated funds by State until final financial reports are received in June 2011.

In FY 2009, States returned approximately \$2.4 million back to Treasury. This could partly be attributed to a mid year appropriation which included an additional \$7 million over the previous FY appropriation.

How many DVOPS and LVERs have not attended training at the National Veterans Training Institute (NVTI) as required by law? What is your timeline to have all DVOPs and LVERs attend training at NVTI?

Under PL 109-461, DVOPs and LVERs were required to attend training at the NVTI within three years of appointment to their positions. NVTI has successfully handled the mandatory training requirement under the prior (three year) training window and VETS anticipates that the ongoing level of staffing changes will continue to be accommodated under the prior training window and at the current funding level. The only exceptions are small numbers of DVOP/LVER staff members (e.g. nine hired in 2006 and fifteen hired in 2007) who have been scheduled for their mandatory training on more than one occasion but have not been able to attend. Thus, this issue is not one of training capacity.

Under PL 111-275, the time period for attendance at NVTI training was changed to 18 months. The ability to comply with training requirements in FY 2012 will largely depend on attrition levels and the number of new employees.

Which 10 states have the highest administrative overhead and what are those charges against the grant for each of the 10 states?

Allowable charges are covered in 2 Code of Federal Regulations (CFR) part 225 (i.e., OMB Circular A-87) and can vary by each State's methodology. VETS has provided additional guidance to the States through a Veterans' Program Letter requiring States to provide justification when the forecasted Personal Services plus Personnel Benefits to grant award total ratio is less than 65%.

Chart 2 on page 17 displays the charges from states for FY 2010.

How many federal staff are assigned to the states and how do they interact with the state grant program?

VETS has authorized 173 FTE at the state level. As required by the Jobs for Veterans Act of 2004, each state, the District of Columbia, and Puerto Rico have a State Director (DVET). Additional staff is assigned to each state, based upon factors such as the size of

the grant activity in that state. The DVET for Puerto Rico also has responsibility for the Virgin Islands, and the DVET for Hawaii has responsibility for Guam.

DVETs serve as the Grant Officer Technical Representatives for the JVSG. The DVETs work closely with the SWAs providing technical assistance as necessary and have an integral knowledge of the State's internal system. They negotiate performance outcome goals on an annual basis, review and recommend approval of the states annual operating plans, analyze quarterly performance and financial reports, and provide appropriate recommendations to meet VETS fiduciary responsibilities in monitoring the JVSG.

In addition to the basic state grant, what is the total funding allocated to support the work of the DVOPS and LVERs in the Transition Assistance Program (TAP)?

In FY 2010, States were funded \$2,744,000 to facilitate 2,922 TAP Employment Workshops. In FY 2011, States requested \$2,697,000 to facilitate 2,639 projected TAP Employment Workshops.

What change(s) are needed to the state grant program to improve the overall performance of the program?

Earlier in my testimony, I noted that this year, we will be reviewing the JVSG program to obtain a current assessment of its efficacy. We also intend to create an online "Community of Practice" that leverages social networking so DVOPs and LVERs can post questions and topics they need assistance with, and share solutions and resources

How many months of unemployment benefits may a Veteran receive and what is the average number of months paid to Veterans?

The Unemployment Compensation for Ex-servicemembers (UCX) program provides benefits for eligible ex-military personnel. In addition, servicemembers who exhaust UCX benefits are eligible to receive emergency unemployment compensation. Total weeks of benefits range from 60 weeks to 99 weeks. The law of the State (under which the claim is filed) determines benefit amounts, number of weeks benefits can be paid, and other eligibility conditions. The average number of weeks received varies by state and is

not available on a national average.

Thank you for the opportunity to present our programs and initiatives. I would be pleased to respond to any questions.

Chart 1
One-Stop Career Center: Veterans' Performance Outcomes
Period Ending September 30, 2010

State	Entered Employment Rate	State	Employment Retention Rate	State	Average Earnings
Montana	58%	Puerto Rico	88%	District of Columbia	\$22,003
North Dakota	58%	Minnesota	81%	Alaska	\$20,937
South Dakota	58%	North Dakota	81%	California	\$20,822
Iowa	56%	Texas	81%	Maryland	\$18,316
Kansas	55%	South Dakota	80%	Utah	\$18,066
Minnesota	55%	Virginia	80%	Ohio	\$18,023
Utah	55%	Alabama	79%	Connecticut	\$17,741
Missouri	53%	Utah	79%	Texas	\$17,722
Arkansas	52%	Wisconsin	79%	Wyoming	\$17,510
Louisiana	52%	Idaho	78%	New Jersey	\$17,506
Wyoming	52%	Kansas	78%	New Mexico	\$17,327
Virginia	51%	Maine	78%	Virginia	\$17,284
Idaho	50%	Montana	78%	Minnesota	\$17,145
New York	50%	Arkansas	77%	Colorado	\$17,116
Texas	50%	Florida	77%	Illinois	\$16,917
Alabama	49%	Maryland	77%	Massachusetts	\$16,644
West Virginia	49%	New Hampshire	77%	Washington	\$16,426
Kentucky	48%	Oregon	77%	Louisiana	\$16,303
Maryland	48%	West Virginia	77%	New York	\$16,254
Maine	47%	Wyoming	77%	Idaho	\$16,180
New Hampshire	47%	Alaska	76%	North Dakota	\$15,507
Oklahoma	47%	Kentucky	76%	Oregon	\$15,499
Wisconsin	47%	Missouri	76%	New Hampshire	\$15,456
Alaska	46%	New York	76%	Hawaii	\$15,330
South Carolina	46%	Washington	76%	Michigan	\$15,191
Washington	46%	Illinois	75%	Virgin Islands	\$15,079
Illinois	45%	Louisiana	75%	Florida	\$14,921
Mississippi	45%	Oklahoma	75%	Montana	\$14,762
Nevada	45%	South Carolina	75%	Vermont	\$14,393
Tennessee	45%	District of Columbia	74%	Alabama	\$14,297
Florida	44%	New Jersey	74%	Iowa	\$14,270
Indiana	44%	Virgin Islands	74%	South Carolina	\$14,134
New Mexico	43%	Arizona	73%	Kentucky	\$14,064
Oregon	43%	Delaware	73%	Oklahoma	\$14,055
Georgia	42%	Indiana	73%	Georgia	\$14,039
Massachusetts	42%	Nebraska	73%	West Virginia	\$14,036

State	Entered Employment Rate	State	Employment Retention Rate	State	Average Earnings
Nebraska	42%	Tennessee	73%	Nebraska	\$13,968
Colorado	41%	California	72%	Nevada	\$13,778
District of Columbia	41%	Ohio	72%	Arizona	\$13,649
New Jersey	41%	Colorado	71%	Wisconsin	\$13,501
Arizona	40%	Connecticut	71%	Missouri	\$13,475
North Carolina	40%	Hawaii	71%	Kansas	\$13,444
Vermont	38%	Iowa	71%	Maine	\$13,397
Connecticut	37%	Nevada	71%	Indiana	\$13,163
Delaware	37%	New Mexico	70%	Delaware	\$13,124
Michigan	36%	North Carolina	70%	Arkansas	\$13,118
California	33%	Georgia	69%	Tennessee	\$13,112
Hawaii	33%	Massachusetts	68%	North Carolina	\$13,079
Ohio	33%	Michigan	68%	South Dakota	\$13,070
Virgin Islands	28%	Vermont	61%	Mississippi	\$11,520
Guam	NDA	Mississippi	52%	Puerto Rico	\$8,985
Pennsylvania	NDA	Guam	NDA	Guam	NDA
Puerto Rico	NDA	Pennsylvania	NDA	Pennsylvania	NDA
Rhode Island	NDA	Rhode Island	NDA	Rhode Island	NDA
National Average	45%	National Average	75%	National Average	\$15,985
National Goal	44.8%	National Goal	71.2%	National Goal	\$16,535

Chart 2
FY 2010 JVSG Administrative Costs of the Top Ten States

State	Total Administrative Costs	Total Grant Expenditures	Percent of Total Grant
Kentucky	\$1,065,652	\$2,226,479	47.9%
Florida	\$3,501,341	\$8,218,376	42.6%
Georgia	\$1,849,081	\$4,833,016	38.3%
Tennessee	\$942,626	\$2,649,123	35.6%
Texas	\$3,924,085	\$11,348,817	34.6%
Mississippi	\$512,131	\$1,484,644	34.5%
Maryland	\$925,028	\$2,690,852	34.4%
Nevada	\$428,131	\$1,249,050	34.3%
New Mexico	\$320,123	\$939,762	34.1%
Connecticut	\$543,445	\$1,612,140	33.7%