

**U.S. DEPARTMENT OF VETERANS AFFAIRS'
VOCATIONAL REHABILITATION AND
EMPLOYMENT PROGRAM BUDGET AND VR&E
NATIONAL COUNSELING CONTRACT**

HEARING

BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
OF THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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**U.S. DEPARTMENT OF VETERANS AFFAIRS'
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EMPLOYMENT PROGRAM BUDGET AND VR&E
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THURSDAY, MARCH 31, 2011

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:08 a.m., in Room 334, Cannon House Office Building, Hon. Marlin A. Stutzman [Chairman of the Subcommittee] presiding.

Present: Representatives Stutzman, Huelskamp, Braley, Sánchez, and Walz.

OPENING STATEMENT OF CHAIRMAN STUTZMAN

Mr. STUTZMAN. Good morning. Welcome to the Subcommittee on Economic Opportunity of the Committee on Veterans' Affairs. Welcome to everyone here and thank you for your time this morning, and we are looking forward to the testimony and the opportunity to work together and solve some of the issues that are in front of us. So we are here today to review the U.S. Department of Veterans Affairs (VA) budget for the Vocational Rehabilitation and Employment (VR&E) Program, as well as the Department's progress in implementing a new national contract for counseling services. Let me begin by mentioning my concern about the average 130 to 150 caseload carried by each Vocational Rehabilitation and Employment counselor. To put it succinctly, I believe that is way too high and that is why I support the Committee's Views and Estimates to the Budget Committee suggesting a shift in funding to provide 50 more counseling staff.

Clearly the Members of this Committee support the concept of vocational rehabilitation as a means to return to the workforce or be rehabilitated as part of the independent living program. However, the Department has been somewhat cavalier in implementing the provisions in Section 334 of Public Law 110-389 that require the VA to conduct a study of at least 20 years' duration of three cohorts of VR&E participants. It is my understanding that after completing an initial contract to begin the study, the VA has not funded the effort. I find that unsatisfactory in light of the generous budgets given to the VA since passage of that law.

As a reminder, Congress included the study because little is known about the outcomes of those participating in VR&E. For ex-

ample, the Veterans Benefits Administration's (VBA's) fiscal year 2010 annual benefits report includes such relevant information on VR&E participants as how many come from each military service. But totally lacking is any information describing why, of the nearly 70,000 applicants, 66,000 were found to be eligible to VR&E and 41,000 were found to be entitled to VR&E benefits in fiscal year 2010. There is no information on how many of those 41,000 continued in the program.

Further, there is no information on why thousands chose not to participate. Without such data, how is Congress to determine what changes to the law would increase, or would decrease the dropout rate. There is an old saying in business: if you do not measure it, you cannot manage it. And unfortunately, I believe that the Department's reluctance to fully implement Public Law 110-389 does not improve the current shortage of data.

I would also note that the VBA report presents contradictory data for VR&E. On several pages, VA indicates that just over 117,000 veterans participate in the VR&E. However, on page 70 of the report, VA counts 60,522 veterans participating in a vocational training program. What are the other 57,000 doing?

Finally there is an issue of the rate of rehabilitation. The VA states that 10,038 veterans were rehabilitated in fiscal year 2010. I believe that given the significant portion attending long-term education and training, as well as the nature of participants' disabilities, that is a reasonable number. However, it is not 76 percent of those in the VR&E program. I am told that this has been an issue for years. And a U.S. Government Accountability Office (GAO) report states that a proper accounting should produce a rate of about 18 percent. So I would encourage the VA to rethink whatever accounting formula there is that we are not forced to provide them with a mandatory formula.

Again, I welcome all of our witnesses and I look forward to the distinguished Ranking Member's remarks. So at this time I will yield to him, Mr. Braley.

[The prepared statement of Congressman Stutzman appears on p. 35.]

OPENING STATEMENT OF HON. BRUCE L. BRALEY

Mr. BRALEY. Mr. Chairman, thank you for holding this hearing today and I share many of the concerns that you have outlined. In past hearings, the Department of Veterans Affairs Rehabilitation and Employment program has been referred to as one of the VA's crown jewels because of the critical services and rehabilitation programs it provides. This program has the potential to become one of the best programs under the Veterans Administration.

Over the years, the VR&E program has grown and has become more comprehensive through legislation to better fulfill its mission, such as what Public Law 111-377 did as it aligned some of the education benefits under the Post-9/11 GI Bill. Most recently, it has been going through a transformation as it is being branded as the VR&E VetSuccess program.

Today, we will hear about VR&E's successes and failures, from the VetSuccess on Campus to the national acquisition strategy. Since the VR&E provides assistance to service-disabled veterans

seeking to obtain employment and independent living, it is crucial that we analyze their budget request for fiscal year 2012 and evaluate their resources, operations, and performance measures.

The VR&E program is unique in that it requires personal interactions with the veteran to deliver services. The vocational rehabilitation counselor plays a vital role in this key interaction with veterans. In the initial meeting between the VR&E counselor and the veteran, a determination is made as to whether the veteran suffers from an employment handicap. And I know from personal experiences this is an absolutely critical threshold measure in helping people of any background to obtain employment when they are coping with some sort of disability.

Eventually the counselor develops a personalized plan to address the veteran's rehabilitation and employment needs. That is why it is extremely important that we address the current ratio of counselors to veterans to see if it is appropriate, and the Chairman has already discussed that.

I would also like to discuss how often veterans complete their rehabilitation plan, as well as learning what may have deterred some veterans from completing the rehabilitation plan.

I also have concerns over current VR&E data gathering methodology. In fiscal year 2009, there were 110,750 participants with 11,022 rehabilitated. In fiscal year 2010, there were 117,130 participants with 10,038 rehabilitated. What alarms me is that even while the number of participants has increased the number of rehabilitated veterans has decreased. I also question whether the number of participants in the program is misleading due to VA's definition of a participant. Currently, any veteran that has applied to the program but has never actually realized a rehabilitation plan is considered a participant. For example, if after submitting an application the veteran decides this program is not suitable for them, the application is still included in the participation rate. In fiscal year 2010, the number of actual participants in some type of training program under VR&E was 60,522. The data gathering method is inaccurate and that bothers me because these statistics are an essential tool to measuring the effectiveness of this program. And Director Fanning, I hope that you will address this concern for us today.

The other initiative that I look forward to learning more about is VR&E's national acquisition contract and how successfully VA will work with contractors to avoid the same mistakes from nearly 2 years ago. Providing the vocational rehabilitation services a veteran needs can be a challenging issue, and avoiding problems with contractors who are unable to meet contract services can prevent veterans from achieving their rehabilitation plan.

We have noticed that work at VR&E has been increasing. I hope that the Veterans Administration can reassure us today that their fiscal year 2012 budget request will support the 15.5 percent increase in the VR&E workload.

Again thank you, Mr. Chairman, and I yield back.

[The prepared statement of Congressman Braley appears on p. 35.]

Mr. STUTZMAN. Thank you, Mr. Braley. Mr. Denham had submitted opening remarks. If there is no objection we can just submit those for the record. Okay, thank you.

[The prepared statement of Congressman Denham appears on p. 53.]

Mr. STUTZMAN. Okay, thank you. And then also any other Members would like to make any opening remarks? Okay, thank you. At this time we will go to witnesses. And our first witness for today on the first panel, Ms. Heather Ansley. She is the Director of Veterans Policy, that is with VetsFirst. And I welcome you to the table, as well as Mr. Wilson, and Mr. Daley. Thank you for being here, and we look forward to your testimony. And Ms. Ansley, we will begin with you. Thank you.

STATEMENTS OF HEATHER L. ANSLEY, ESQ., MSW, DIRECTOR OF VETERANS POLICY, VETSFIRST, A PROGRAM OF UNITED SPINAL ASSOCIATION; JOHN L. WILSON, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; AND RICHARD C. DALEY, ASSOCIATE LEGISLATION DIRECTOR, PARALYZED VETERANS OF AMERICA

STATEMENT OF HEATHER L. ANSLEY, ESQ., MSW

Ms. ANSLEY. Chairman Stutzman, Ranking Member Braley, Congressman Walz, and distinguished Members of the Subcommittee, thank you for inviting VetsFirst to share our views and recommendations regarding the Department of Veterans Affairs' Vocational Rehabilitation and Employment Program budget and operations. VetsFirst strongly believes that VR&E's services are critical to helping eligible disabled servicemembers and veterans receive the skills and training necessary to help them reintegrate into their families and communities.

Specifically, VR&E's services provide these individuals with the opportunity to return to or remain in the workforce. The opportunity to participate in the workforce is critical because employment provides people with both financial and social benefits that contribute to an enhanced sense of purpose and higher quality of life.

As a result of the Wars in Iraq and Afghanistan, and the current state of the economy, the number of veterans that are requesting and receiving VR&E services is forecasted to steadily increase. Compounded by an unemployment rate of almost 9 percent across all sectors, higher for Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) veterans, competition for employment opportunities is harder than ever. VR&E services provide veterans with the competitive edge needed for precious employment opportunities.

It is vital to the success of VR&E that Congress ensure continued investment and proper resource allocation to this program. Veterans with disabilities must be able to receive the services and resources critical to ensuring that they successfully complete and excel in their rehabilitation. Although VR&E has increased its workforce in recent years, VetsFirst remains concerned that VR&E lacks a sufficient number of employees. VR&E must have an appropriate number of properly trained personnel capable of ensuring eligible veterans gain timely entrance to services, and once enrolled can dedicate the time needed to work with individual veterans in the development, implementation, and completion of their rehabilitation plans. Ensuring VR&E has the staff needed to assist vet-

erans in returning to the workforce is a critical aspect of helping veterans with disabilities to reestablish their identity as a productive citizen. Furthermore, VetsFirst believes that there are still other barriers preventing veterans from receiving services. Specifically the arbitrary timeline for eligibility for VR&E services and the cap for independent living services must be eliminated.

Services that seek to return veterans to the workforce and allow them to live independently should be heavily encouraged. Veterans who are initially eligible may not need the services until after the 12-year delimiting period has expired. Even though applications filed outside of this period may be accepted if the veteran has a serious employment handicap, potentially eligible veterans may believe that they will not be accepted and may thus not apply.

Similarly VetsFirst believes that the cap for independent living services should be eliminated. For veterans needing the skills and resources to allow them to live independently VR&E services are critical. Although it may appear that demand does not exceed the cap, its mere existence requires careful management to ensure that the veterans who most need to participate in the independent living program are able to access the services when needed. The removal of the cap will ensure that veterans needing independent living services will not be delayed or denied in receiving those services.

VetsFirst also believes that VR&E should encourage as appropriate the full employment potential of every participant. Consequently, VetsFirst believes that VR&E's self-employment track should not be targeted only to those who have severe disabilities or require special accommodations.

For veterans who seek employment through the traditional workforce, VR&E must provide increased follow-up to ensure that veterans have long-term employment success. VR&E must prepare a veteran not only for today's workforce but also anticipate the demands of tomorrow's workplace.

To assist veterans in obtaining the right types of employment, VR&E has worked to increase collaboration with other agencies and organizations that provide employment and rehabilitation assistance for both veterans and people with disabilities. VetsFirst is pleased that VR&E has recently been in the process of working with the Rehabilitation Services Administration with the Department of Education. Formalizing a connection between VR&E and State rehabilitation agencies is critical to ensuring that veterans with disabilities receive the services that they need to help them return to or remain in the workforce.

Again, thank you for the opportunity to share VetsFirst's views on VA's VR&E program budget and operations. This concludes my testimony and I look forward to answering any questions that you may have.

[The prepared statement of Ms. Ansley appears on p. 36.]

Mr. STUTZMAN. Okay, thank you very much. I believe we will go ahead and receive testimony from the rest of the panel and then we will move into questions. Next we have Mr. John Wilson, Assistant National Legislative Director for the Disabled American Veterans (DAV). Thank you for being here and I look forward to your testimony.

STATEMENT OF JOHN L. WILSON

Mr. WILSON. Thank you, sir. Mr. Chairman and Members of the Subcommittee, I am glad to be here this morning on behalf of Disabled American Veterans to address the fiscal year 2012 budget and operations of the Department of Veterans Affairs Vocational and Rehabilitation Employment Service. First, the fiscal year 2012 budget.

We were pleased with the Committee's Views and Estimates, which recognize that with the projected caseload increase of over 10,000 the 129 full-time equivalent (FTE) increase called for in the President's budget would do little to positively impact the average caseload of between 135 to 150 veterans per counselor. The recommendation to reallocate \$5.5 million from the general administration account to support 50 additional VR&E counselors recognizes the continued demand for these important services, which dictates a larger staff sized to respond to that demand. In accordance with DAV Resolution #307, which seeks increased VR&E staffing, DAV and our *Independent Budget* coauthors support the Committee's Views and Estimates call for an increase in VR&E staff to 179 FTE in fiscal year 2012.

The second area to address is the operation of VR&E and ways it could be improved. We encourage Congress to continue to monitor the results of VR&E's ongoing Business Process Reengineering Initiative, or BPR, that it began in February, 2010. The BPR contractors are conducting a work measurement and skill study focused on streamlining processes and paperwork, redefining roles and metrics, as well as leveraging technology to improve delivery of services. Once completed, we encourage Congress to provide the necessary funding for any identified staffing needs and targeted training in core competencies as well as possible legislative remedies.

While the BPR is an important initiative in the near term, we see the longitudinal study Congress mandated with the passage of the Veterans' Benefits Act of 2008 as equally important in the long term. This study has the potential to provide insight on the effectiveness of the VR&E program, its delivery of services, staff size, level of expertise, ongoing staff training requirements, optimum service delivery mechanisms, and the accuracy of the reporting outcomes that the Chairman and the Ranking Member talked about earlier. Such information could certainly guide future legislation and policy decisions for this critical program. Unfortunately, while the first reports are due to Congress on July 1st of this year this study remains unfunded. We agree that a longitudinal study is needed and, therefore, urge Congress to appropriate the necessary funds to support this effort.

The last area I wish to address has to do with the delivery of VR&E's services, as well as all VA programs designed to enhance the economic security of veterans, specifically those focused on employment, education, and business assistance. In accordance with DAV resolution number 306, and the recommendation of the fiscal year 2012 *Independent Budget* (IB), we call for the reorganization of all such programs within a single new administration, the Veterans Economic Opportunity Administration.

While all Americans face challenges during economic downturns, veterans are particularly hard hit. Statistics clearly illustrate the struggle that veterans face in transitioning from military service to civilian life. Unemployment statistics for February 2011 reveal an overall unemployment rate of 9.2 percent for all veterans, and 12.5 percent for veterans from the Iraq and Afghanistan conflicts. While there is some improvement from the March 2010 unemployment rate of 14.7 percent for this second group, it is still higher than the national average. On any given night it is estimated that there are 79,000 homeless veterans. While this number has decreased in recent years it is still too high.

Congress approved an historic Post-9/11 GI Bill, but we know too well how VA has struggled to implement this program and deliver the benefit. Vocational rehabilitation programs for disabled veterans have failed to achieve adequate success rate, despite improvements in recent years. VA programs designed to provide assistance to veteran entrepreneurs have fallen short of expectations, in part due to a lack of funding and proper organization.

In order for VA's programs that affect veterans' economic status to achieve better outcomes, DAV and our partners in the IB believe that the VR&E Service, the Education Service, the Office of Small and Disadvantaged Business Utilization, the Homeless Veterans Program Office, and Home Loan Guaranty should be housed under a new and separate administration, the Veterans Economic Opportunity Administration. Veterans programs have become more complex over the years and their dispersed nature has challenged senior management to effectively deliver the services for each program. Establishing a fourth administration within VA dedicated to creating economic opportunities for veterans would increase the visibility and accountability of all employment related programs. It would also allow an overburdened VBA to focus on the monumental task of reforming the disability claims processing system.

That concludes my statement, Mr. Chairman. I would be pleased to respond to any questions that Subcommittee may have.

[The prepared statement of Mr. Wilson appears on p. 40.]

Mr. STUTZMAN. Thank you, Mr. Wilson. We will next move to Mr. Richard Daley, Associate Legislation Director for the Paralyzed Veterans of America (PVA). Mr. Daley. Thank you again for being here.

STATEMENT OF RICHARD C. DALEY

Mr. DALEY. Thank you, Chairman Stutzman, Ranking Member Braley, and Members of the Subcommittee. PVA is honored to participate in this hearing today to share our views on the VA's Vocational Rehabilitation and Employment Program. I have submitted our written testimony for the record and in the interest of time I will highlight just a few of our concerns.

PVA is one of the coauthors of *The Independent Budget*, and along with the Disabled American Veterans, AMVETS, and the Veterans of Foreign Wars. So we do share in Mr. Wilson's concern about combining everything involved with economic development into one program sometime, but that is a big thing to tackle at this point. But in the latest edition for fiscal year 2012 *Independent Budget* we talk about the cap on the independent living program.

This is an arbitrary cap that went from, originally, from 500 new disabled veterans per year in the year 2000 to, bumped it up to 2,500, then it was recently raised to 2,700 per year. Realizing the need for this program Congress did raise the independent living admissions knowing that there was a need for it. And this was always before there was any conflict with the two separate conflicts going on, and the Afghanistan issue having no end in sight. The independent living program will probably enroll 2,695 severely injured veterans for this year, just enough to come close to the cap. If Congress raised the cap to 4,000 for next year I am sure the VA could enroll 3,990 disabled veterans.

If there was no cap, how many veterans, how many seriously injured veterans could benefit from this program? The independent living program has flexibility that is needed when working with seriously injured veterans that are not ready for employment. This program can help the maximize the quality of life and encourage independence in the veteran's daily living activities.

Recently, I have heard from several service officers that they were disappointed in the Vocational Rehabilitation Program pertaining to the independent living program. This year the program is used to modify, has been used to make some modifications on seriously injured, or terminal Amyotrophic lateral sclerosis (ALS) patients. And the independent living program was used for this because of the rapid access to the funds. The VA has since changed their policies and you can no longer use the independent living program for the ALS veterans. So now they go through the standard Specially Adapted Housing (SAH) grant, which can take up to 12 months. And it should not take, but it does. So in many cases, probably more than half, the ALS veteran is dying before the house ever gets modified, before they can go back home and spend the last few months of their lives with their family members. So this is probably the correct use of the funds that is going through the proper program. But the speed that was available in using the independent living money was really appreciated by our service officers because they could get the independent living counselor to approve it, they could get a contractor that the VA has used before, that knows the VA's standards. They could make any modifications, they can be paid, and the veteran could be home in months. But now they go through the other procedure. That is only one of the issues that is of concern and I hear of it constantly. So it is an ongoing issue.

That concludes my report. I will be available to answer any questions.

[The prepared statement of Mr. Daley appears on p. 45.]

Mr. STUTZMAN. Okay, thank you. We will move into questions now. And my first question would be to any of you, and maybe particularly to Ms. Ansley since you had mentioned the 12-year delimiting date. The law provides VA with significant flexibility about allowing veterans to participate in VR&E beyond the delimiting date. Do you have any evidence about how many veterans are being blocked from VR&E services because of their 12-year delimiting date? And anybody can answer that. Any other examples would be welcomed as well.

Mr. DALEY. I brought that up with one of our service officers and he said, well, most people do not know about the, after 12 years. You know? Just as if a lot of people do not know about the Vocational Rehabilitation program. Certainly they do not know about the independent living program because that is kind of the thing that has been tucked away, and they do not want people to know about it because they can use it for various things such as if the veteran needs a computer. They can go out and buy him a computer to start doing some work right now at his home.

But it, I think that it is probably not used that much just because it is not advertised. If you do not know about it, you cannot say I need more than 12 years because of this reason. I need to apply and give me that exception.

Mr. STUTZMAN. Any ideas how we can do a better job? How the Department could do a better job of reaching and advertising?

Ms. ANSLEY. I think certainly we need to make sure that when veterans do become eligible that they are made aware that this program is available. VR&E's mission to make veterans able to return to employment, and to be independent. So that is definitely something that we should be promoting, regardless of whether or not it has been 12 years, or 13 years, or how many people may not be aware of it. I think just by definition of its mission it is something that we should always want to encourage, that people would want to be employed and independent. It is better for them. It is better for all of us.

So I think that it goes along with the continued outreach, that we would like VA to have a better outreach in general to veterans about what is available. And then to veterans who are eligible for VR&E that they really understand what the services are that are available and how that it works. Because a form that you get, you know, with a bunch of other papers probably is not sufficient.

Mr. WILSON. I would like to offer a comment as well. Approaching veterans and their survivors and dependents regarding the various benefits available to them becomes of interest to individuals who need the benefit when life's circumstances dictate the need. I may well get out of the military and have some disability that I could file for. But I do not necessarily do so until I find that in fact that disability impacts my self-image about what I can and cannot do in the workplace. As life goes on and I become older, and those disabilities become more complicated, again, impacting my ability to live life as I think I should. This prompts me to then request Vocational Rehabilitation and Employment assistance. Yet many times applicants have already exceeded the 12-year limit. And this 12-year limit is arbitrary to the best of my recollection, from what I can determine. We do not place limits on veterans who file claims for compensation and pension. There is not a restriction, so why is there a restriction on using this particular VR&E benefit? Yes, a voc rehab counselor can say you have an employment handicap, and therefore, we can grant you an extension of services. But again, if I am not aware of it until life's circumstances dictate the need to reach out and find this assistance, I simply will not be looking for it. I only look for it when there is a need in my life. So the outreach program that VA provides, and our national serv-

ice officers across the U.S. who talk to veterans may help make that possible. But certainly more can be done.

Mr. STUTZMAN. Okay, thank you. I am kind of hearing some consensus but I would like to just ask this for the record. What would be your top recommendation to improve the VR&E program? Starting with Ms. Ansley, and then we will go to Mr. Wilson and Mr. Daley.

Ms. ANSLEY. Thank you, Mr. Chairman. I think that our top recommendation would certainly be to make sure that VR&E has the resources that it needs to fulfill the mission that it needs fulfill. Of course within that we support lifting of caps and barriers to make this program accessible. But again, if veterans are not aware of the program, and then once they are aware the program does not have the resources and does not move people through the program in a way that helps them complete it, then it is a wasted opportunity.

Mr. WILSON. For myself I would offer that of the many programs that Vocational Rehabilitation and Employment offers, that are equally important, and without singling any one out, necessarily, I would suggest the longitudinal study as a key item that must be funded. It will provide insight into a program that provides a critical service, and the current metrics, on how success is measured. This can be changed. The delivery mechanisms for services can be enhanced. The staff structure and the training needed to continue their jobs is important as well. Are the contracts that are offered managed as effectively as possible? A longitudinal study can look into all of those things.

Mr. DALEY. Yes, as my colleague was saying to make sure that they have the resources to do the job that they are committed to do. What does that mean? Well it probably means more money and more staff so they can actually, when the people go through the training they can actually go out and find jobs for these people. Because, you know, the economy is not doing real well right now and I have talked with one of our voc rehab people that is successful in placing a lot of people in wheelchairs in employment. And he says no job has ever come to his office. Nobody has ever called up and says, hey, do you have any veterans or disabled veterans I can hire? He has to go out, and he has to go out and meet with corporations. He travels throughout several States. And he makes these contacts, and he sets up the opportunity. Well this person can only work part-time. Will you accept a part-time worker for a while? Yes? Okay. So it has to be, you have to make the opportunity in the outside business world rather than must give them the training and show them how to write a resume and say goodbye, good luck.

But that would of course take more money and more coordination through the program, and a different way of thinking, probably.

Mr. STUTZMAN. Okay. Thank you very much. Mr. Braley.

Mr. BRALEY. Well first of all I want to thank each of you and the organizations you represent for the phenomenal work you do advocating for veterans. We really appreciate that. Mr. Wilson, I am going to start with you. Like many of my colleagues I have far too many young disabled veterans coming back to my district and they all have the signature wounds of this War: single or multiple amputations, traumatic brain injuries (TBIs), some type of paralysis, or post-traumatic stress disorder (PTSD). Each of which presents

its own unique rehabilitation challenges. And we often get focused on silos here in Washington, talking about specific programs without ever thinking about how those programs affect each other. And one of my big concerns about the effectiveness of any rehab program is if veterans are not getting access to maximum medical and psychological rehabilitation services, the opportunities to be successful in vocational rehabilitation are extremely limited.

We also know that if we do not provide veterans the opportunity to reach their maximum potential from medical and psychological rehabilitation we face very expensive chronic disease challenges, which make up about two-thirds of our health care spending. So what I would like to hear from you, Mr. Wilson, and from you, Mr. Daley, and also from you, Ms. Ansley, is are we doing enough right now in terms of the medical and psychological rehabilitation of veterans to prepare them to achieve their maximum potential in vocational rehabilitation?

Mr. WILSON. Thank you, sir. It is a compelling question, is it not? These signature war wounds are some that none of us wish to see, and wish to do all we can to help respond to the needs of these veterans as they learn to live with them. The previous Congress has been very generous with the Veterans Health Administration (VHA) by providing funds from year to year in advance, in advance appropriations, is the word I was looking for. They have been very generous with advance appropriations they have so VHA can deliver services necessary to these disabled veterans.

This particular area is not one in which I delve specifically, however. I would, if you would not mind sir, like to address that for the record to you so I can provide a more comprehensive reply.

[Mr. Wilson subsequently provided the information in the response to Question #3 of the Post-Hearing Questions and Responses for the Record, which appears on p. 58.]

Mr. BRALEY. Please do.

Mr. WILSON. Thank you.

Mr. BRALEY. Mr. Daley, do you have any comments to offer?

Mr. DALEY. Well, we are probably not doing enough but, you know, we will not know till 10 years later when these veterans are still not integrated into society, and they are not employed, and some may be homeless. I speak as a person of the Vietnam era that I have seen some of my people that I was in the service with back in the sixties that never really adjusted right, and the tools were not out there to help them. So PVA would certainly want to be part of any efforts to try to figure out what is needed right now. But, you know, it just hurts me when I hear of situations such as has been in testimony in the last year about a veteran, a posttraumatic stress combat veteran, he calls up with a problem, and they say, well, you know, he needs to see somebody now. And they say, well, you can have an appointment next week. And then he commits suicide. You know, did that have to happen? So we can probably be doing more.

Mr. BRALEY. You know, you raised an important issue. And I have a young man in my district who went to high school with my daughter who is a recent paralyzed veteran. And the attitudes and advances in medicine from Vietnam alone to these Iraq and Afghanistan veterans who are paralyzed have changed dramatically.

Their expectations of their lifestyle, and society's perception of them I think has changed dramatically. So how does a veterans program which is administering still to World War II era veterans, and young men who, and to some extent young women, who play video games, and have expectations of a workplace environment that they can continue to be successful in that are far different than the way we used to look at these issues, how should this agency be adapting to be flexible to address their concerns?

Mr. DALEY. A very good question. I wish I had the answer. As we explore this—

Mr. BRALEY. That is why you are here.

Mr. DALEY. As we explore this in the next year I am sure you will have the voc rehab and other helping agencies here, and maybe we can figure out what works and what does not work.

Mr. BRALEY. Thank you. Ms. Ansley, I want to talk to you a little bit about your written testimony, where you express concerns about the veteran to counselor ratio, which I think all of us are concerned about. How has that ratio affected veterans' participation in the VR&E programs? And what suggestions do you have on how we address that issue?

Ms. ANSLEY. Certainly. I think that having a high ratio of individual—as we mentioned earlier, the VR&E is a hands-on program that allows the veteran to work with the counselors in every part of the process and to be involved in the process. I think that by not having a sufficient connection, you know, having people who are quite frankly just carrying too much of a load, cannot necessarily make the connection as well and may lead to some of the fallout with veterans that drop out of the process, do not continue in the process. I am also a social worker by training, and so I understand what it is like to carry high caseloads and what that means for a professional. And you cannot give the devotion necessarily that you want. And this is really a case where the individual who is working with the veteran needs to be able to step in at every level of the process and really help that veteran to not only write the plan but to work through the plan and complete the plan.

As Rich was saying earlier, Mr. Daley, you know, counselors that are working with people to actually get them into employment, it is an intensive process. To identify opportunities, to actually make that work properly. We, my organization also works with all people who have disabilities. And the unemployment rate for people with disabilities in general is, it is abhorrent. So when we look at how that then applies to veterans, they are bumping up against these same problems. And it really is an intensive need to actually help people to get in the workplace. And not only to get in the workplace, just to get your foot in the door, but to really be successful and to continue to move up and advance. And as the workplace grows and changes that you have the skills you need to do that. Because we know that that is not always happening.

Mr. BRALEY. Thank you, Mr. Chairman. My time is expired and I yield back.

Mr. STUTZMAN. Okay, thank you. If I could just follow up really quickly on that? What do you believe should be the, what is a manageable caseload?

Ms. ANSLEY. I know that the caseload that is being looked at is one to 125, which has been what State vocational rehabilitation looks at. I think what we really need to do is there have been studies looked at to, you know, how do we make the workflow work better? And I think that we really need to look at the program and complete some of the studies to actually see what a good number is. Because we know that what we have right now is not necessarily working. So I do not have a specific number that I think if we hit this target it will be good. But I think that that kind of shows for us that we really have not examined what would be the appropriate number. Because we want to really look at the outcome. You know, we want veterans to be in the workforce. And that is what they want, too. So how do we get to that point?

Mr. STUTZMAN. Thank you. Mr. Huelskamp.

Mr. HUELSKAMP. Thank you, Mr. Chairman. I want to express my appreciation to the conferees before the Committee today. I appreciate your advocacy and I am eager to dive into these issues with you. As far as my district, it is a little different than some others. A very rural district, and a lot of questions would be directed to that, or I hope your answers would be.

But first a general question. The State of Kansas, so we have, I think, a golden opportunity to address some of these issues. Particularly we have a new governor, and a restructuring, I think, of State government's aspect with some veterans service representatives (VSRs). And do you have any general advice? That you would say, hey, if I could restart it over, and restructure an entire State in terms of addressing some of these issues? General thoughts from each one of you, how I might recommend changes to a new administration in a particular State?

Ms. ANSLEY. Thank you, Congressman. I am very familiar with Kansas. And as you see, I have lived in Kansas. I understand the western side of the State and what it really means to be a veteran in a rural area, and the lack of resources that are available. I think it is important for States to really look at how they can work collaboratively with other groups that are in the area. How to work collaboratively with the VA, with the veterans service organizations. Because as we know in communities where you are driving a couple of hours just to get to services, like you are doing in southwest Kansas, that people really need the opportunity to be able to figure out who is already doing what where, and how can we work with them to augment that. I think that as we look at people, of course States have budgetary concerns. And the Federal Government, everybody is looking at how do we make fewer dollars go farther. So I think that helping with that collaboration and looking at what other people are doing is a good place to start using your resources appropriately and to help our veterans.

Mr. HUELSKAMP. Mr. Wilson.

Mr. WILSON. I would like to respond to that question as well. I think it is important for State workforce agencies to coordinate very closely with Vocational Rehabilitation and Employment services across the Nation, those 57 regional offices we speak about. The contracting relationship is key, because in rural settings contractors are often relied upon by VR&E because they have a wide array of services to provide. And yet we have been concerned in the

past about the ability of VR&E to manage those contracts effectively. That is why we called for in my written testimony 50 additional staff to help manage the VR&E contracting workload beyond the 29 that they have now.

So in the State of Kansas if you want services delivered to your veterans, and certainly you do, you want it to be as effective as possible, then you want that delivery to go smoothly. Thus proper contract management with appropriate measures and oversight, and proper data entry into the system to track those contracts in the first place is essential.

And lastly, I would look to VA, Voc Rehab, and the other agencies to provide training to the State workforce agency employees on the signature wounds that we were talking about earlier, PTSD, TBI, how those impact a person in the workplace. So that those employers are not hesitant to employ them, but understand and embrace them.

Mr. HUELSKAMP. Okay. Mr. Daley, do you have any comment?

Mr. DALEY. Yes, thank you. I have seen in the last few years some States have used these mobile big vans, and they drive around, and they advertise in advance, we will be in this town for 2 days. They have the computers there. They can help you write a resume. They can show you how to do a job search. And I think that is a good outreach method for some of the rural areas. I really like that. But, I mean, that is not Federally funded, I think it is through the Federal and State. But that is, I think that is a good way to get the message out. And then while you have the veterans coming there you can always do other things. Do a blood pressure check or, you know, ask them other questions that you may want to get. But that would be one way to service the rural areas.

Mr. HUELSKAMP. Well I appreciate that, and I appreciate the first answer particularly for just kind of recognizing the distance that a veteran I visited with in Hays, Kansas, at a town hall. He is expected to drive 183 miles for his medical treatments. And he is not disabled. But for a, just a simple steroid shot. And it is pretty hard to maintain a job when you are expected to drive 3 hours one way and 3 hours back, and I might note you drive by about ten hospitals who could do the same thing they were doing at the VA. And I know that is a little bigger here. But you know, when you have to drive hundreds of miles to get your medical care it is just near impossible to keep a job if we are requiring them to go to a VA hospital for some of those. And so we are talking about some of those things. I know there are some pilot programs. But that becomes a difficulty. There is just no way to keep a job. And this gentleman actually is a VSR and having that difficulty. He understands very directly, but to drive 183 miles it just, that is just simply foolish that we would require that. And so we can have the best job training in the world. But if you are going to tell your employer you are going to leave 1 day a week just to go get a simple weekly shot, it just makes it darn near impossible. But I appreciate, will pass it along with the folks in Kansas. I appreciate the experience there. But we are just trying to put together a system that works, you know, across a huge rural divide. So I appreciate your advocacy here and your continued suggestions. Thank you, Mr. Chairman.

Mr. STUTZMAN. Okay, thank you. Ms. Sánchez.

Ms. SÁNCHEZ. Thank you so much. Yes, I was just going to say. I would yield my time to—

Mr. WALZ. I will defer to my colleague.

Ms. SÁNCHEZ. No, Mr. Walz, you showed up for the hearing on time. You should go first.

Mr. STUTZMAN. My apologies, I did not mean to cause any—

Mr. WALZ. Well thank you—

Mr. STUTZMAN. Thank you, Mr. Walz.

Mr. WALZ. Well thank you, Mr. Chairman, and I thank the gentle lady. I am sure your questions are more pointed but I appreciate the opportunity. I thank you each for being here and your advocacy for your veterans. And I think it is absolutely clear you care deeply about this program, and you know it is a good one and that is why you hold everyone accountable. And I appreciate that, and I think our friends at VA appreciate that also. These are great suggestions.

I am going to have to use my, at least a minute of this, for my mandatory soap box on seamless transition. I hear all of you talk about my 50 years of outreach problems. We have veterans coming off of active service and let we drop off the cliff, they do not know about the programs. We have problems getting them back in, and when we eventually do the problems have been exacerbated and we go down that road of giving less care at more cost. And that is unfortunate. So I appreciate all of you being there.

Mr. Daley, I would just ask you, is it PVA's position that we should lift the cap and allow more folks into this? Because I have to say from my perspective, this program, Voc Rehab, is universally praised by our veterans. They love it. It is a good thing to have out there. But I hear this same thing, if there could be more access, more folks. Would that be your position?

Mr. DALEY. Well the cap on the independent living program, of course that is backed by the four coauthors of *The Independent Budget*. Everything that is in there we all agree on, though we do not always agree on some things so it does not get included. But we think that there is a need for that. Because as you know it was started in a peacetime era. And we have so many serious brain injuries and things that you know the person is not going to be able to work this year or maybe next year, but how else can the VA help them? Well, let us see what we can do with the independent living program, the flexibility there.

Mr. WALZ. All right. Well I appreciate that. What is your position also, and I will ask the others, on the use of contract suppliers? How do you see that?

Mr. DALEY. It is a necessary evil, I guess. You know, the VA cannot do everything. But when you are dealing one on one with the veteran, of course I would always like it to be a VA-trained counselor, somebody that has had some experience and knows, it cannot always be a veteran. But as you know, veterans understand the issues, it seems to be a little bit better than non-veterans. But certainly a VA counselor that has had the experience rather than a social worker that has just got out of college. And they are going to go down the form, check the right checks, and it is done. No, if kept to a minimum, and certainly overseen by the VA to make sure

that the right emphasis is placed when the contractors are doing their work.

Mr. WALZ. I appreciate your candidness. That helps us. Ms. Ansley, I am just going to ask you and we go to this. The one thing I have noticed in, and I think it is probably true of every generation. I especially see it now with this new generation. I think Mr. Braley was hitting on this, the Chairman a little bit, there is a sense of independence amongst these folks. They want to get back to it. The one thing I see is this sense of wanting to be self-employed. And my question is, how do we prepare them, or how does this program, Ms. Ansley, do you know of any where we have been able to get a start up business? That we have been able to help a veteran become self-employed and be an entrepreneur?

Ms. ANSLEY. Thank you, Congressman. I do not have a specific example of that. I know that that is something that we definitely support. Self-employment, small business, is something that veterans are perhaps uniquely suited to, with their abilities that they have learned, with leadership, with training in the military. And small businesses do provide some of the flexibility that people need, with maybe being able to work part-time, or you know, maybe you work better in the evenings. I know some people who have brain injuries, mornings are when they work and afternoons are when they have to sleep. And they have different times of day that work for them. And so it really does provide more flexibility.

We would like to see more of an emphasis on the self-employment program and working with the other programs that are available with the VA, within the Small Business Administration (SBA), to help veterans to do that. Because we do see that as a vital need. Particularly right now when we have employment issues, and people, may be going out to get employment is not working as well but—

Mr. WALZ. Is there an ability to collaborate amongst those organizations now? Or are they siloed up pretty hard to make that happen?

Ms. ANSLEY. They are fairly siloed. They do try to work together. I know that they are, that VR&E is trying to engage in efforts to bring those groups together. But I think like, as you see within a lot of government programs, become siloed. But we would like to see all of those different pieces that are out there already, bring those together in a way that allows better collaboration, allows use of resources.

Mr. WALZ. Right. Do any of you know, I will end with this, do any of you know has there ever been a veteran use this program, even if you do not have a specific example but maybe you other two, that used it, became self-employed, and then actually got a government contract? Do you know if that has ever happened?

Mr. WILSON. I do not have an example of that, Congressman Walz, myself.

Mr. WALZ. Anything anecdotally you ever heard this? Because my veterans are convinced it has never happened. I have heard them say it. They do not think there is a single case. I guess I will ask the next panel that maybe has some more detail—

Mr. WILSON. No, it is an interesting idea. Our concern, and the idea we discuss in the Veterans Economic Opportunity Administra-

tion proposal, is that we do not believe that the VA has been as effective in reaching out on this particular issue as it could be.

Mr. WALZ. Okay.

Mr. WILSON. That particular office is not well funded.

Mr. WALZ. Yes.

Mr. WILSON. The VIP that is supposed to track all of this, so you can get a government contract, is months behind. And—

Mr. WALZ. And I ask it not as a criticism towards this office and this program. It is once again, our veterans love this program. They see it as effective. They simply see where it can be more effective, and we can do, and that is I, I appreciate that spirit that you have taken on this. I yield back, Mr. Chairman.

Mr. STUTZMAN. Thank you, Mr. Walz. Now, Ms. Sánchez.

Ms. SÁNCHEZ. Saved the best for last, did you?

Mr. STUTZMAN. That is right, exactly.

Ms. SÁNCHEZ. I am teasing. Good morning to you all, and thank you so much for coming and testifying. I am going to start my questioning with Ms. Ansley. In your written testimony, you note that being eligible for VR&E services does not automatically confer entitlement to services. And I am curious to know if you think it should? And why or why not?

Ms. ANSLEY. I think that, as I have mentioned earlier, employment, opportunities to help people to become employed, or live independently, are definitely not something that we should limit. Of course, you know, we have resource considerations. But I think if we look at the long-term aspects of people who are able to become employed who are able to, quite frankly, become taxpayers to contribute to society, all of the different aspects, I think that investment up front to help people to be able to do those things really nets us out in the long run so that it is, the individual maybe does not have to look at other programs where they would have to look for income. They are able to be more self-sufficient. So I would say that we would err on the side of including people. What could it hurt to help people train to be able to get a job?

Ms. SÁNCHEZ. I share those sentiments. And I know that it does take a certain commitment of personnel and resources and funding to serve all of those who would be eligible for this. But I share your opinion that in the long run I think it would actually be more cost effective if we did allow those who were eligible to have the services.

In your written testimony you also note that a significant number of veterans do not successfully complete their rehabilitation plans. And I am wondering what is the most important thing that the Department can change to make sure that veterans complete those plans??

Ms. ANSLEY. Again something that I think we have discussed is I think we need to look at why veterans are not completing. And some of the studies that are in process, or have not been completed, they have been discussed, but I do not think we have a really good handle on necessarily why it is that a veteran does or does not complete, does or does not hear. You know, the various aspects of where they end up, I think we really need to look at that so that we can effectively then target those resources to make sure that we are, you know, directly spending what we have is going to places

that needs to be to get people the opportunities that they need. So I think that that is something that we definitely need. We need the follow through with the studies to really get that answer.

Ms. SÁNCHEZ. Because it just sort of goes without saying that if you have programs in place that are meant to help people and then people are not succeeding in those programs you might want to go back and ask the question why? What are the barriers? Or what are the obstacles that we can try to help remove to make sure that it is a more successful program in the long run?

I am interested to know if you find any differences in completion rates between men versus women?

Ms. ANSLEY. That is an interesting question and one that I do not have the answer for. I would be happy to take a look at that and get back with you for the record. I think that that is something, though, that we definitely do need to look at. The unique concerns that are, as women in the workplace have unique concerns that maybe necessarily male veterans do not have with regard to you have an employment now but you still need possibly childcare. You have a lot of other balls in the air that you are trying to focus on. So I would be happy to take a look at that and get back with you. That is a very important question.

[Ms. Ansley subsequently provided the information in the response to Question #7 in the Post-Hearing Questions and Responses for the Record, which appear on p. 56.]

Ms. SÁNCHEZ. I am very interested in that as a working mom myself—

Ms. ANSLEY. Yes.

Ms. SÁNCHEZ [continuing]. With a 2-year-old I understand the difficulty of trying to balance that. I appreciate your answers and thank you so much. Mr. Daley, in your written testimony, and in some of your oral comments you talked about necessary evil, but you questioned the use of contractors that perform the individual one-on-one work with veterans. And I share your concerns about subcontracted employees in general because I have my fears about whether they have the same expertise, and commitment to excellence, and longevity in their jobs, and experience as career Federal employees. I am wondering if you could just maybe detail some of the shortcomings you see in the contracted positions?

Mr. DALEY. I am not that knowledgeable about some of the shortcomings. It was just a generality about, you know, the VA and the professionals working with the disabled veterans is certainly a preference. I can look into that and get back to you in writing with some answers to that.

[Mr. Daley subsequently provided the information in the response to Question #4 in the Post-Hearing Questions and Responses for the Record, which appear on p. 60.]

Ms. SÁNCHEZ. I appreciate that. Any of the other panel members maybe have some of the, maybe have an answer for what are some of the shortcomings of subcontract employees in this particular context?

Mr. WILSON. I can offer, ma'am, that we know a couple of years ago the VR&E national acquisition strategy came under some criticism because the contracts were let from Central Office to provide services across all regions were, so VR&E could provide the same

services at each particular locality that were otherwise unavailable. Unfortunately these performance contract services were not delivered well nor were the contracts managed necessarily well according to a VA Office of Inspector General (OIG) report of the time. One of the issues was a lack of entry of data into the systems that track contracts in the first place and how they are performing, what are the contract requirements and how is that being managed. There was some training that was provided that VA OIG talked about, yet that training did not seem to give the results that they were seeking. Training has since being offered again as we go towards a new opportunity to provide contracts for services to veterans across the 57 regional offices. I encourage through this Subcommittee's oversight role, looking at that particular issue to make sure we are getting the bang for that buck we want when providing veterans these important services.

Ms. SÁNCHEZ. Thank you for your answer. That is one of the concerns I have, is the oversight of how the contracts are being managed and whether or not they are performing the work adequately to help our veterans. Thank you, Mr. Chairman, and I yield back.

Mr. STUTZMAN. Okay, thank you very much. And I appreciate each and every one of you for your testimony and for answering our questions. Obviously there is a lot of work for all of us to do and we anticipate continuing to work together and continuing this dialogue. So thank you for your time, and I appreciate your willingness to be here. And we will move to the next panel. So thank you.

Okay, at this time we welcome Mr. John McWilliam, and Ms. Ruth Fanning, and Ms. Iris Cooper, who will be part of our second panel. And they come to the table, we will start with Mr. John McWilliam, who is the Deputy Assistant Secretary for Operations and Management, Veterans' Employment and Training Service (VETS) with the U.S. Department of Labor (DoL). Thank you very much for being here, and I am looking forward to your testimony and the discussion here today. So Mr. McWilliam, we will start with you.

STATEMENTS OF JOHN M. MCWILLIAM, DEPUTY ASSISTANT SECRETARY FOR OPERATIONS AND MANAGEMENT, VETERANS' EMPLOYMENT AND TRAINING SERVICE, U.S. DEPARTMENT OF LABOR; AND RUTH A. FANNING, DIRECTOR, VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY IRIS COOPER, ASSOCIATE DEPUTY ASSISTANT SECRETARY, OFFICE OF ACQUISITION, LOGISTICS, AND CONSTRUCTION, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF JOHN M. MCWILLIAM

Mr. MCWILLIAM. Good morning, Mr. Chairman. Thank you very much. Chairman Stutzman, Ranking Member Braley, and Members of the Subcommittee, thank you for the opportunity to appear today as a witness before the Subcommittee and to speak to you about our Department's interagency cooperation with the Department of Veterans Affairs Vocational Rehabilitation and Employment Office. The Veterans' Employment and Training Service

proudly serves veterans and transitioning servicemembers by providing resources and expertise to assist and prepare them to obtain meaningful careers, maximize their employment opportunities, and protect their employment rights. Our programs are an integral part of Secretary Solis' vision of good jobs for everyone.

Several years ago, senior leadership from VETS and VR&E met with the Subcommittee staff to discuss how the two agencies could better collaborate. As a result of that meeting, a new memorandum of agreement was executed. Three working groups were established, later combined into a joint working group. The goal of that group is to improve the quality of employment services and job placements for veterans enrolled in the VR&E programs. Both DoL and the VA published a technical assistance guide document in December, 2008.

Much of VETS' interaction with the VR&E program is through the workforce investment system and the outstationing of disabled veterans outreach program specialists, or DVOPS, at VR&E offices. To clearly identify roles and responsibilities between our two organizations we have designated that outstation DVOP as an intensive service coordinator. This coordinator is involved at the front end of the VR&E process to help veterans determine local labor market information. This interaction was intended to facilitate the rehabilitation planning process by providing the veteran and the VR&E counselor with current data on salary and job outlook, as well as increasing understanding of working conditions for specific occupations.

At the conclusion of the rehabilitation program, the DoL coordinator refers veterans to DVOPS at the one-stop career centers. Those DVOPS then provide intensive services to referred participants to assist them in obtaining employment. Later in support of the technical assistance guide VETS issued guidance that each State's Jobs For Veterans State grants strategic plan would include this outstationing of a DVOPS specialist at each VR&E regional office. We continue to work to ensure that a DVOP is outstationed. There is currently a veterans employment specialist, usually a DVOP, outstationed in 48 of the VA regional offices and in 19 satellite offices. The remaining offices that do not have someone outstationed have someone covering it from another location.

We are proud of our collaboration with the VA to increase employment opportunities for service disabled veterans. This concludes my statement, Mr. Chairman. And I would be pleased to respond to any questions.

[The prepared statement of Mr. McWilliam appears on p. 47.]

Mr. STUTZMAN. Thank you. Let us continue with the testimony. We will move to Ms. Fanning. And Ms. Fanning is the Director of the Voc Rehab Service in the Veterans Benefits Administration, U.S. Department of Veterans Affairs. Thank you for being here, and I will let you begin your testimony.

STATEMENT OF RUTH A. FANNING

Ms. FANNING. Thank you. Chairman Stutzman, Ranking Member Braley, distinguished Members of the Subcommittee, I really appreciate you inviting me to discuss the Department of Veterans Affairs Vocational Rehabilitation and Employment VetSuccess Pro-

gram. I am pleased to be accompanied by Ms. Iris Cooper, the Associate Deputy Assistant Secretary for the Office of Acquisition, Logistics, and Construction.

I would like to begin by giving you a little overview of the Vocational Rehabilitation program. The primary mission of our VetSuccess program is to assist veterans with service-connected disabilities to prepare for and obtain suitable and sustainable careers through the provision of services individually tailored to each veteran's needs. VetSuccess provides a broad range of employment services, including translation of military experience to civilian skill sets; direct job placement; short-term training to augment existing skills; long-term training including on-the-job training, college training, or services that support self-employment; and independent living services to assist the most seriously disabled veterans who are unable to seek employment at this time. VR&E also provides extensive outreach and early intervention services through our Coming Home to Work program.

Next, I would like to talk about our fiscal year 2012 budget. The fiscal year 2012 budget request for VetSuccess supports 1,286 full-time employees who will provide services to a projected 15 percent increase from 2010 to 2012 and will expand two very important programs. First, 110 employees will be utilized to increase VetSuccess' early intervention and outreach through the joint VA/U.S. Department of Defense (DoD) integrated disability evaluation system program. VetSuccess counselors will provide separating servicemembers with a mandatory initial counseling session, followed by continuing vocational services for those members who elect to continue to participate in VetSuccess.

In addition, nine counselors were also requested to expand the current VetSuccess on Campus initiative. This service will augment the current Voc Rehab counselors and Vet Center counselors that are embedded at eight campuses who provide on campus support to GI Bill participants that includes counseling services, assistance in accessing VA benefits, help in overcoming barriers to retention and graduation, such as physical or mental health issues, financial issues, etcetera, and assistance in connecting with other veteran students and forming a community of veteran students on campus.

In addition, the fiscal year 2012 budget request supports modernization of the Disabled Transition Assistance program, often referred to as the DTAP program, making it readily accessible to servicemembers, veterans, family members, Guard and Reservists, on a just-in-time basis and through multiple channels.

Now I would like to discuss the status of the VetSuccess contracts. After the national acquisition strategy contracts ended in July 2009, VR&E developed an interim contract solution for regional offices needing continued contract services. Local VR&E programs were assisted in awarding local bridge contracts that were standardized until new VetSuccess contracts could be put into place. Currently, we have 62 bridge contracts overseen by 29 contracting officers who are stationed throughout the field. This week we have begun the process of awarding the new VetSuccess contracts, which will standardize contracting procedures; including structured report templates; standardized referral processes and

forms; and automated invoicing, automated invoice approval, and payment processes.

Finally, I would like to talk a little bit about our Business Process Reengineering (BPR) efforts. VR&E service recently launched a transformation project geared at making VA's VetSuccess program the premier 21st Century vocational rehabilitation and employment program. The project focuses on modernizing and streamlining services using a veteran-centric and advocacy approach, including continuing to enhance our VetSuccess.gov employment Web site. We are also working in collaboration with VA's Innovation Initiative, or VAi2. We have recently engaged in an industry competition and have just awarded our first of three contracts to build self-employment incubators and tools to assist more veterans in owning their own businesses. We just announced and had a Webinar for a self-management industry initiative that will allow the most seriously disabled veterans to work in the career of their choosing and live as independently as possible, as well as providing a number of other self-management tools. And finally, we are launching, on April 18th, a VA employee innovation competition to allow the staff who work each day with veterans—on boots on the ground—to identify additional program enhancements that we can add to our BPR effort.

In conclusion, the VA will continue to seek new and innovative ways to assist veterans to achieve their goals for productive and meaningful lives. The VA will continue to work with all sectors of government and private and public employment communities to assist veterans to reach their highest potential in this challenging economy.

Chairman Stutzman, Ranking Member Braley, and distinguished Members of the Subcommittee, this concludes my statement. I want to thank you for the opportunity to testify and I welcome any questions that you may have for me.

[The prepared statement of Ms. Fanning appears on p. 49.]

Mr. STUTZMAN. Okay, thank you very much. I will begin with the questions. According to the VETS testimony, the State workforce agencies placed 35 percent of those who completed their VR&E program but failed to place the other 65 percent. Why, any explanation for that? Either DoL or the VA?

Mr. MCWILLIAM. Mr. Chairman, we normally expect the outcomes to be somewhere to that experience in the one-stop career centers. During that same period of time, it was for disabled veterans for the one-stop career center, it was 42 percent. So the 35 percent is very disappointing. However, I do not believe that that is an accurate reflection of what actually happened. As we have looked at 2010, which was our first year of new reporting, I see that there is a problem in data identification. And we are not properly identifying the people who have closed their services. So in other words, we are counting in the denominator of the equation people who are still actively looking for employment. I have done some quick back of the envelope calculation in the last week preparing for the hearing. If I just looked at closed cases, that would raise it to 51 percent, which would be a very effective program. We will keep the Committee apprised of this as we look through it for the next 6 months to validate that data.

Ms. FANNING. And I would like to say VR&E does track those veterans that are placed strictly by VR&E or by the VETS program, the DVOPs and Local Veterans' Employment Representative (LVERs), or by a combination thereof. I do not have that data with me. I would be happy to provide it for the record.

But I want to say that many veterans will not be referred by Voc Rehab to the VETS program for placement assistance because they already have employment. We really focus on internships and building on transferable skills. And veterans many times by the time they graduate already have a job. If they already have a job they do not need additional employment assistance, unless they are in the wrong job. And one of my main concerns and one of my main focuses throughout the program, and you will hear this probably repeated as you ask me other questions, is that we get veterans into careers that will sustain them throughout the course of their life as disabilities may worsen, that will help them catch up with their peer group while they were serving our country, that will help them live the American dream, send their kids to college. So we really are focused on careers. And we find that those veterans who do complete college are more likely to be employed at the time that they graduate. So that may account for some of the disparity.

Mr. STUTZMAN. Okay, and also looking at some of the numbers. The VA has stated that over 10,000 participants were rehabilitated last year, but only about 5,000 of these participants were referred to the State workforce agencies. Can you give us information on what happened with the other 5,000 participants? Where did they end up?

Ms. FANNING. Well, and as I just mentioned, my guess is that the other 5,000 did not need additional assistance from the Department of Labor's VETS program. We do not want to burden them by referring veterans who already have a job, who already have those skills and are employed when they graduate, and that we are just simply following up to ensure that the job is stable, and that we close them when they are ready to be closed, if they do not have any additional needs.

Mr. STUTZMAN. So—

Ms. FANNING. We really focus, and the whole purpose of the joint workforce, and I apologize because I think I interrupted you. But the point of the joint workforce group that we have together, and even though we provided trainings well over a year ago, and collocated VETS staff with our VR&E staff, that joint workforce group is still in place. Their purpose now is to continue to monitor the programmatic changes that we put in place, to continue to provide training as we identify it being needed. And currently we are working to put a survey out to all of the offices to monitor key metrics to see if any offices have fallen off, or if we can identify any promising practices that we can implement elsewhere in the country.

Mr. STUTZMAN. So there is just no data on the other half, roughly the other 5,000? They just, sign up for the program, something comes available to them, and they move elsewhere, and do not respond? Or what? What is kind of the process here? I guess I do not understand what, if they are participating, what happens to them? I mean, I know they may have gotten a job. But they do not communicate that back to the Department?

Ms. FANNING. They do communicate it back to their vocational rehabilitation counselor. And if the Department of Labor is already involved with that veteran we are taking joint credit. You know? It is like a football team. It does not matter who crosses—

Mr. STUTZMAN. Right.

Ms. FANNING [continuing]. The end zone, the whole team gets credit for the—I am not a sports person so I should not use sports analogies—the touchdown. So if VETS is already involved obviously we are communicating with them and they get joint credit for that placement. And perhaps I am not understanding your question completely? So I apologize if not. But we work collaboratively with VETS. They come to our initial orientation sessions. They are working with us when the veterans are brand new in the VR&E program. The way their data system works, and John please correct me if I am wrong, is that they cannot register a veteran at that point. They do not register them until they are actually looking for a job. So there is credit that they do not get for the work that they do with some of our veterans. They help us up front with labor market information in collaboration with our employment coordinators. And in collaboration with our employment coordinators throughout the country the colocated DVOP or LVER really acts, they act together as case managers for all DVOPs and LVERs throughout that jurisdiction to ensure that each veteran is getting the placement assistance they need.

In some cases we will even assign a placement contractor. Because a veteran may require much more intensive services in order to become employed. So we provide, based on that individual's needs, whatever they need.

Mr. STUTZMAN. My question is really just what do we know about the 5,000 participants that were not referred to a State workforce agency? Do we have any data on them at all?

Ms. FANNING. We do collect data from every veteran that is referred to the State workforce agency.

Mr. STUTZMAN. Okay.

Ms. FANNING. So I can provide that data back to you and, I mean, we can work together to provide that data back to you.

[The VA subsequently provided the following information:]

VR&E successfully rehabilitated 8,161 veterans into suitable employment in FY 2010. When Vocational Rehabilitation Counselors close a veteran's case as rehabilitated, they can enter a code into the case management system to indicate whether the veteran was assisted with job placement solely by VA, solely by a DVOP, or whether there was a combination of efforts by both. If both VA and a DVOP provided job placement assistance, the Vocational Rehabilitation counselor can also indicate a primary and secondary position, to indicate if one had primary or secondary involvement in the placement of the veteran. For the 8,161 veterans rehabilitated into suitable employment in FY 2010:

- VA was the sole provider of job placement assistance for 2,167 veterans and the primary provider for 2,226 veterans.
- The DVOP was sole provider of job placement assistance for 80 of our veterans and the primary provider for 104 veterans.
- The DVOP and VA provided a combination of efforts for 1,833 veterans.
- There was a Blank or NA for 1,751 veterans, meaning that the Vocational Rehabilitation Counselor did not indicate whether the DVOP assisted with placement or not.

Mr. STUTZMAN. And would the longitudinal study help with more information regarding those who we do not have the data with?

Ms. FANNING. I am very excited about the longitudinal study. And I heard your opening comments and I will be happy to talk about that.

Mr. STUTZMAN. Because I know—

Ms. FANNING. I think that what the longitudinal study really will do for us over the long term is show us if we are doing the right thing in terms of how much training we are providing and are we really getting veterans into those career paths? Because we are rehabilitating them when they are just starting out in their career. We do not see what happens down the road. And we know that many veterans who have completed Chapter 31 have gone on to be Congressmen, they are top officials in the VA, within the Department of Labor, just as examples. So it would be great, I think, for the program and to look at return on investment to see where those positive trends are. On the reverse, where are we not doing as good of a job? Are there certain geographic areas that stand out? Are there certain parts of the program that stand out? I am really interested in seeing the results of that data. Unfortunately, I will not probably be around for the whole 20 years. But I think I will be around long enough to benefit and help make some programmatic changes as a result of the data that we get.

Mr. STUTZMAN. Because I noticed in your testimony you mentioned that there will be a report. So that does not necessarily mean it is going to be the longitudinal study. Is it a different report? Or is it the study that—

Ms. FANNING. We will be providing a report for the longitudinal study.

Mr. STUTZMAN. Okay.

Ms. FANNING. The report in July will not include all of the data that you require—

Mr. STUTZMAN. Okay.

Ms. FANNING [continuing]. By the law. Even if we had been fully successful in implementing the longitudinal study this year as we would have liked, some of the data will be trailing. For example, Internal Revenue Service data and Social Security data will always be 1 to 2 years trailing.

Mr. STUTZMAN. Yes.

Ms. FANNING. So even if we had been able to successfully work with them in getting started this year we would not have their data this year. So what we are doing is we have identified the data within our own systems that we can provide, working aggressively with our data shop so that we will have as comprehensive of a report as possible for you in July.

Mr. STUTZMAN. Okay. Thank you. Mr. Braley.

Mr. BRALEY. Thank you, Mr. Chairman. I think it is time for a little reality check in the middle of the hearing. For those of us who were not born inside the Beltway, and who spent most of our lives working in private business, there is a huge concern about the problem of paralysis by analysis.

Mr. Chairman, when I was in your shoes as a new Member of Congress I chaired the Small Business Subcommittee on Contracting and Technology. And my first hearing was to determine

why the Small Business Administration had not only not completed a study ordered by Congress 7 years earlier but was still fighting over the methodology to be used in that study. And when you express concern about the problem with data identification, Mr. McWilliam, you were emphasizing my point exactly. Because most management consultants will tell you that bold, decisive action is better even if you make mistakes than inaction. And one of the concerns I have is according to a 2007 GAO report entitled, "Audit of Vocational Rehabilitation and Employment Program Operations," a recommendation was made in 2007 that VR&E should improve its reporting method. And I do not understand why that recommendation was never implemented. Can either of you explain that for us?

Ms. FANNING. Well since 2007, we have increased the number of reports that we have available. And have we done enough? I do not believe so. One of the reasons for the Business Process Re-engineering project that has been launched is exactly to do that. I think that the way we measure ourselves really does not tell the full story of all the benefits that the Voc Rehab program provides. We need more data. And frankly, you know, I work in a large Administration that has one data shop. And I cannot have that data shop all to myself. So they are also working with Education, and with the Compensation and Pension Service, and with other business lines. But we just recently had a full day session with the data shop to go over the reporting that we need.

We are in the process of migrating off of the Benefits Delivery Network (BDN) legacy system—and I do not know if you are familiar with that, but it is a very old, kind of difficult to use computer system—into the corporate environment. What that means is that all the reporting that we have in the BDN system that we now rely on we have the opportunity not only to migrate over into more robust reporting systems that will allow us to do ad hoc reports and compare different sets of data against each other, but to enhance our data systems.

Mr. BRALEY. Okay I understand that. I understand the importance of longitudinal studies, and I know they help improve performance. But for a lot of agencies longitudinal studies are an excuse not to address the underlying problem. I just had a staff retreat with my staff and I told them based upon recommendations of management consultants that spectacular failures are better than often mediocre successes. And one of the things we know is that the reporting methodology is so inconsistent and confusing that in your own PowerPoint presentation you identified that 105,000 veterans being served in fiscal year 2010 and report a rehab rate a page later of 75.8 percent. But the underlying data suggested only 10,000 are being rehabilitated. And so for most of us those inconsistencies are frustrating at getting at the root cause of what we all care about, which is making sure we have the highest success rate possible and put veterans to work. So what are we doing to address these inconsistencies?

Ms. FANNING. First I would like to say that I understand what you are saying. I want to point out that I do not believe it is an inconsistency. It is a matter of how we are defining our data at this point.

Mr. BRALEY. But do you understand my point that it may not seem inconsistent from where you are sitting, but we represent the people of our individual Congressional districts. And when you use words that they do not understand and you show data that seems completely inconsistent, that does not help us in doing our job.

Ms. FANNING. I completely understand. And that is part of the reason I have undertaken this BPR, of which a huge portion is looking at our metrics and revising them to tell our story better. And to use I believe the Chairman's example of participants, and now you have brought it up again, the 105,000 participants include all enrollees, it is a snapshot first of all, of current veterans enrolled in our program from applicant to a veteran we may rehabilitate today. It is all statuses. We know that once a veteran applies, about 37 percent of them will never show up for their first appointment. So to call them a participant bothers me. And I have had discussions with my leadership. And this year we are revising the way we report our data in the Performance and Accountability Report, and in the Annual Benefits Report, to classify participants differently. Participants are those individuals who are actively engaged in the Voc Rehab process. So you will see a difference in the future reports.

Now I did not come from inside the Beltway so I understand what you are saying. I am a practitioner. I have been a practitioner since 1982 and I have only been here in Washington since 2007. And one of the things I have learned is that it does take longer than I would like. I am used to being, I was self-employed before I came to work for the government. I am used to being able to make a decision and move. And it does take longer than I would like to affect changes. But I am confident that we now are in the position that we are moving forward in the right direction. That we will define participants in a way that makes sense to anyone picking up the report. For example, of those veterans who applied last year and completed counseling to the point of an entitlement decision being made, 89 percent were found entitled and that led to 27,000 rehabilitation plans being written. So when you parse the data and look at it from that perspective, of how many were rehabilitated, and understand that of those 27,000, some are going to continue for another year, 2 years, 3 years depending on what they are studying, it really does tell a different story.

I am agreeing with both of you. I think changes are needed and I am doing everything I can to make those changes, and I expect you to hold me accountable for that.

Mr. BRALEY. Thank you. My time is expired and I will yield back.

Mr. STUTZMAN. Thank you. Mr. Walz.

Mr. WALZ. I would like to yield just for a moment on a followup from Ms. Sánchez on the previous question.

Ms. SÁNCHEZ. And I appreciate my colleague, and I appreciate the line of questioning that Mr. Braley has been pursuing. Ms. Fanning, in listening to your answer to Mr. Braley's question, the question that I want to pose to you is, rather than spend so much time trying to redefine what a participant is, why are you not finding out why the 30-some-odd percentage of veterans who make an appointment never bother to show up for their first appointment? I mean to me you could spend your whole day trying to define what

this or that is, and have intellectual arguments over how do you group the data, but the fact of the matter is the way that you count may be a little bit different than the witnesses that we have heard say that there are dismal completion rates with the VR&E programs. But the question is what are you doing to reach out to help these veterans rather than spending your time, you know, in these intellectual arguments over how do you define a participant?

Ms. FANNING. Well I—

Ms. SÁNCHEZ. Because it seems to me that that is the most important question.

Ms. FANNING. Thank you. And I agree. And I did not mean to give the impression that I was looking at this only as an intellectual exercise. I care very much about why that 37 percent of veterans are not showing up for their initial appointment. That is one of the reasons that when I first came in my position, one of the first things that I did was enhance our early intervention and outreach program. Because as a rehabilitation counselor I know that the closer the intervention is to the disability occurring, the more likely success is for that individual with a disability. And we did, we have vastly increased our outreach. We have 13 full-time counselors in rehabilitation at military treatment facilities, and Coming Home to Work coordinators in every State reaching out to VHA hospitals, Coming Home events, Post Deployment Health Reassessment events, Yellow Ribbon events. And we have seen a corresponding increase in applicants.

In addition though, really I think to get to the core of your question, we did a study, we contracted a study to look at veterans who dropped out at every phase of the program. Once veterans are in a rehabilitation program, they are the least likely to drop out. They, once they have that relationship with their counselor they stay engaged and very few drop out. What we found were the two primary reasons for drop out, first is medical issues. And second is financial issues.

Now luckily, at least for those veterans eligible for the new GI Bill, the financial issues will be largely addressed with the recent passage of Public Law 111-377, if I have that correct, with them now being eligible for the Basic Allowance for Housing as the GI Bill participants are. The remainder of veterans will still only receive the subsistence allowance at the VR&E rate.

In terms of the medical issues, what we did was provide an extreme amount of training to our staff, particularly on the signature disabilities of the current conflict. So they understand how to work with veterans with PTSD, with Traumatic Brain Injuries, with polytrauma. We also provided a lot of resources and assistance to them in understanding assistive technology, the advances in medical services that make almost any job possible for any individual. We are working to change the culture of our program to look, from the medical model to one of looking at abilities. So that we are empowering veterans, putting them in the drivers seat, and helping them reach their goals.

I agree. We need to continue to look at every point where veterans either do not show up or they drop out in the program, and reach out to them. Change policy where it is needed, if our policy is driving decisions that close a veteran's case, we need to make

amendments. I am certainly not happy that we have 65,000 applicants approximately last year and only 10,000 approximately are coming out as rehabilitations. I think that number should be much higher.

And what we are focused on with all of our staff is looking not at just being tactical, which is easy for a counselor to do when they have a large caseload and they are working very hard, and veterans are in front of them, and they are meeting with them each day. But also to be strategic. And we are doing that on a national level as well to help them. There are pockets of our current labor market where there are not enough qualified workers to meet the demand. So we have to be looking into the future, looking at where the demand for workers will be, helping veterans understand those opportunities, and providing training that will help them meet the future demand for occupations. So that even if we continue to have an economic downturn they have an advantage in this labor market.

Ms. SÁNCHEZ. I thank my colleague and I will yield back.

Mr. WALZ. Thank you, Mr. Chairman. Thank you each for being here and for the work you do. As I said earlier, there is no one in this room that is not committed to the care of veterans and I appreciate that. I think we also all know that this is a zero sum proposition and we will continuously be here. If one veteran is left out we will not be happy. So I appreciate you in that spirit and the folks who came before you of trying to get to that. I just have a couple of short questions. How are we doing on moving people to self-employment, as I asked the previous panel? Do we have any numbers on that? Or do we have folks coming out and getting, because I agree with the previous panel that I think these veterans, both young and old, but the young ones especially, are very well suited to self-employment and entrepreneurial activities. So can anyone help me on that?

Ms. FANNING. Thank you, very gracious. First of all, as I mentioned earlier we just did an industry innovation project to focus on self-employment. So we are awarding three contracts and they are all different. One will be a brick and mortar business incubator. So veterans who want to start their own businesses will actually have coaches on the spot. They will be provided training. They may be experts, for example, in the field of artistic welding, but not know how to manage their books, not know how to manage employees, not understand how to market their own—

Mr. WALZ. Has there been anything like this prior to this?

Ms. FANNING. There has not. We have regulations and manual, guidance, and we have done training on self-employment.

Mr. WALZ. Do we know of any—

Ms. FANNING. But we have not provided this level of innovation.

Mr. WALZ. If I looked for a name and held it up and said Private Jones is now running his own business, should I find he or she?

Ms. FANNING. Yes.

Mr. WALZ. There are people out there doing that?

Ms. FANNING. I just signed, at a certain level of cost the self-employment plans come into the VR&E service for approval. I just signed one for a veteran in San Diego about a week ago.

Mr. WALZ. Great.

Ms. FANNING. And this individual veteran I believe was a Guard or a Reservist and had owned his own pizzeria, actually a series of them, before he was deployed. And he had a few deployments in a row. He had decided that it was in his best interest to go ahead and sell his business, he did keep some of his equipment in storage, but he needed a lot more equipment and assistance to start a new business.

Mr. WALZ. And we are able to consolidate those resources if it is SBA, or whatever it may be?

Ms. FANNING. Yes, and we do work with SBA. I wanted to mention that. Bill Elmore from SBA was actually on our selection committee in doing this self-employment industry innovation.

The other two contracts will provide more online tools as well as coaching, both virtual coaches and live coaches to individuals. So that the training and resources that will be online will be everything from am I the right, do I have the right personality fit to be an entrepreneur? Is this right for me? To online courses about how to run a business, how to market a business, how—

Mr. WALZ. Can we help them with Federal contracting? Do we know of a veteran that has come through this program that has ever received a Federal contract as a small business owner?

Ms. FANNING. I do not know. I can go back and research that. I know that just in the last few months I have been working with an individual from the Department of Defense. I really have a lot of admiration and respect for this individual. He is actually a brother of one of DoL's employees. And he came to me, he works in the security department of DoD. And he had an idea that if we added in our VetSuccess.gov Web site a marker to indicate if a veteran has a top secret security clearance that that would help—

Mr. WALZ. Yes.

Ms. FANNING [continuing]. DoD contractors identify more easily veterans who qualify for their jobs.

Mr. WALZ. So we are starting to do it?

[The VA subsequently provided the following information:]

During fiscal year 2010, 157 veterans were obtaining VR&E benefits with a vocational goal of completing and obtaining self-employment. Two veterans completed their self-employment plans and obtained a Federal contract. The individuals were from Detroit, Michigan, and San Diego, California. Of the 157 veterans with a self-employment goal:

- 145 are still working on the steps in their rehab plans
- 10 have completed their plans and been rehabilitated;
- 1 has changed tracks and is receiving independent living services; and
- 1 is in an interrupted status working on resolving difficulties.

Ms. FANNING. So we are starting to do that. And we added that field the same day, and his goal is as we know that veterans are beginning to, the process of medically boarding out, let DoD invest in them to provide this top secret security clearance training.

Mr. WALZ. That is great. Final question. What are the metrics, or how do we measure contractor performance? And what happens if they do not meet it? Do you ever let them go?

Ms. FANNING. We, well of course I have Ms. Cooper here with me and I am sure she will be willing to help me. We approach this from many different aspects and contracting is something that we

really have put a tremendous focus on since I have been in my position.

First of all, the contracting officer has ultimate authority over the contract, and maintaining, making sure that the contractor is doing their job and taking appropriate action. We also have COTRs, which are contracting officer technical representatives. And those would be my field managers around the country who are trained in the administration of the contract. In addition, from the National Acquisition Strategy contract that was referred to previously that we ended after the first year because it was not working, we have added a tremendous amount of structure to the new contracts, including standardized templates for reports. We have built, with Administrative and Loan Accounting Center, which is an arm of our Office of Resource Management, an automated tool so that vendors will provide their invoices in an automated system. We will approve those invoices and pay them back through the automated system. We put criteria in place for quality review so that until the vendor receives acceptance of their deliverable from this quality review they cannot invoice for a product. So they have to show that they have met the expectations of the contract. We have put in a lot of additional very structured features. I can say it has been a huge amount of work and I am very grateful to Ms. Cooper, sitting to the left of me, for her staff's work as well as my team. I have had a number of people devoted almost full-time for the last over a year in working through this as well as resolving issues with the old NAS——

Mr. WALZ. But we are better at this? I can be assured if I go back to my constituents and taxpayers and tell them, are you watching our money as it goes into this program? The answer is yes, we——

Ms. FANNING. Yes, the answer is yes.

Mr. WALZ. Okay.

Ms. FANNING. Since I came into my position, I am, you know, as I said I am a rehabilitation counselor by trade. My goal was to really focus completely on VR&E. As a field person, I had a lot of ideas of how I could make this program better. I think it is a great program and I think it was very well designed by Congress. But I think it could be better. It could be less administratively burdensome for the counselors so that they can spend more face time with the veterans.

So that was what I planned to do when I came in. I spent, because of the NAS contract, a high percentage of my time working on contracts that were not working. And so we have put in a huge effort to make sure that we have very sound contracts. And Ms. Cooper's staff has not only ramped up, she has added a lot of additional staff, but we have really made sure that we are meeting the legal and contractual requirements for a sound contracting vehicle and a sound governance process.

Mr. WALZ. Good.

Ms. FANNING. And I would defer to Ms. Cooper for any additional——

Mr. WALZ. My time is up, though. I yield back to the Chairman if he has any followup, then, he will make sure he can move it on. But thank you.

Mr. STUTZMAN. Okay, thank you. Ms. Sánchez.

Ms. SÁNCHEZ. Thank you, Mr. Chairman. Following up on the same line of questioning with regard to reporting, my question for Ms. Fanning is whether VR&E has too many Congressional reports due? And if you think that that is the case, do you recommend any for elimination?

Ms. FANNING. No, I do not believe we have too many Congressional reports due. We had from Public Law 110-389, two reports that were due. The first one was completed and submitted, let me see I actually have the letter with me. It was submitted—it is not dated. It was submitted back 270 days after the report was initiated, which was what was required. Of course, the longitudinal study will be an ongoing study. I think that will be a big undertaking. And it will require a great deal of my staff's work as well as the support of a contractor. And we are hoping a research oriented group will be the group that helps us with that. Otherwise, no, we come in and we meet with the staff very frequently. I think we have a very open rapport and I am always willing to come in and report in any way asked.

Ms. SÁNCHEZ. Okay. With respect, and you have mentioned contractors, and Mr. Walz also asked questions with regard to that. And I can understand that you are trying to standardize some of the sort of data and paperwork and billing processes. But I am wondering if you do anything to ensure that contractors understand military culture and the needs of veterans? How do you ensure prospectively, moving forward, that they will? It is not just important to have cost efficient contractors, but ones that are culturally sensitive to the clientele that they are trying to serve.

Ms. FANNING. Yes, I agree with you. I know that Ms. Cooper wants to comment. And so—

Ms. SÁNCHEZ. Ms. Cooper.

Ms. FANNING [continuing]. I will defer to her and then I may add to her response.

Ms. COOPER. I think contracts are successful because of good requirements, good communication, good selection, and good oversight. I think in the requirements definition we make the effort to convey exactly what we want. We had a very successful pre-proposal conference here in Washington, DC, to have that dialogue with interested vendors and communicate what we are looking for. And we had an intensive source selection process that is nearing completion. The emphasis not being on low price but on past performance, and documented success, and technical capability. So I think that gives us some assurance that we are really moving forward with a quality product. And I am a firm believer in trust is good, control is better, so we will have good oversight procedures.

Ms. SÁNCHEZ. Okay, thank you. Ms. Fanning, going back to the question I posed to you earlier about what are you doing to make sure that veterans who are enrolling in the program continue in the program, or to even make them aware. Because I have heard several witnesses talk about the fact that, you know, programs are great but if veterans are not aware that they are out there, then there is a whole group that is not being served. And you mentioned some of the outreach efforts with respect to the Welcome Home ceremonies, and the like. I know that in my district, local veterans

and service organizations make it a point to go to these types of events and talk to new returning veterans about programs that have assisted them, or that are available to them through the VA. Do you do any work with those organizations to try to help veterans reach out to other veterans? Because I often feel that that is the most effective sort of recruitment tool for getting returning veterans the services that they need, whether it is dealing with PTSD, or vocational training.

Ms. FANNING. I agree with you. We work very closely with Student Veterans of America. It is a group that has started up on college campuses around the country. And they really are our conduit in giving us that reality check of what new veterans want, what the younger veterans want as opposed to perhaps their Vietnam era colleagues. We work with schools that already have veteran programs in place and augment them so that we can provide general benefits assistance information on campuses and provide medical and mental health referrals.

Often a veteran may be, and we have seen this already—the program was stood up in June 2009 and we now have eight locations—that a veteran may not be doing well in class and really not understand why. And they sit down with a counselor who can start to pick up on symptomology of post-traumatic stress, and realize that they really need a referral and some assistance. We are colocated at those VetSuccess on Campus locations with an outreach coordinator from the VHA Vet Center Program. And all Vet Center counselors are veterans. So that adds that peer to peer—

Ms. SÁNCHEZ. But is that exclusive to college campuses? Or—

Ms. FANNING. I am sorry.

Ms. SÁNCHEZ. Is that exclusive to college campuses? Or do they go out to other events?

Ms. FANNING. Well those are examples. We go out to any events that we can including as I mentioned earlier, Yellow Ribbon, Welcome Home—

Ms. SÁNCHEZ. But I mean having veterans at those outreach events, it is one thing to have bureaucrats or Administration people there, but veteran outreach?

Ms. FANNING. In Voc Rehab over 40 percent of our employees are veterans—we have just launched a program called Troops to Counselors. And our goal by 2014 is that 60 percent of our hires in 2014 for Voc Rehab counselors will be veterans. We understand that it is more comfortable for veterans when discussing combat experience and their personal issues to talk to other veterans. We have very effective counselors who are not veterans, but we want to meet that need. And we are launching that as an initiative.

Ms. SÁNCHEZ. Thank you. Thank you for your answer. My time has expired.

Mr. STUTZMAN. Okay, thank you very much. I guess I have one follow-up question. I would like to just wrap this up here in the next couple of minutes. Can you tell me, are the VR&E participants, can they potentially receive VA comp, a VR&E stipend, as well as Social Security disability payments, as well as any other benefits?

Ms. FANNING. Yes, they can. And earlier when I referred to, that some veterans may drop out because of increased medical issues,

some are actually found to have individually unemployability. Which if you are not familiar with that means that they have a disability rating of at least 40 percent with other disabilities with a combined rating of 70 percent, or one disability that is 60 percent or more. With these ratings, that may apply and be found to be unemployable currently. And they may be involved in Voc Rehab, because with assistance they can become employable and ultimately enter a career.

What happens with some of those veterans, however, is that then they can also qualify for Social Security disability benefits if they receive benefits for individual unemployability (IU). When a veteran is rated at 100 percent, it opens up a myriad of other benefits. Now their spouse and their children are eligible for educational benefits under Chapter 35. They are eligible for medical benefits under CHAMPVA. And so it can create a quagmire, or a disincentive, for that veteran to let those benefits go and move on into employment. It is a challenge that we face. And I have a personal belief as a rehab counselor that it is best for an individual to work when possible, to have that meaningful life activity. For some veterans it may be that they cannot give up the IU but they could work part-time, or work as a volunteer. So we do the best we can to get them into the position that is the right fit for them, that meets their needs and fits their comfort level in terms of taking care of their family.

Mr. STUTZMAN. Okay. Well thank you very much. This has been very helpful. I think all of us here on the Committee obviously think this is a very important program—

Ms. FANNING. Thank you.

Mr. STUTZMAN [continuing]. As well as I know you do as well. But we want it to be effective. And obviously as Mr. Braley expressed it, we have to answer to our constituents back home and also to the general public in that this is an important issue. I would just inform the Committee that the SBA sponsors seven different entrepreneur boot camps for veterans at universities. And at our May 7th hearing, we are going to invite several of those and see what they are offering to folks around the country.

So thank you to the panel and everybody who was here today for your participation. This has been helpful and we look forward to working together in the future. And at this time we will adjourn if there are no other points to be made.

Okay, I ask unanimous consent for Members to have 5 legislative days for any additional remarks to be submitted to the Committee. So anybody that was going to submit written information we would ask that you do that within the next 5 days.

All right, with that this hearing is adjourned.

[Whereupon, at 11:58 a.m., the Subcommittee was adjourned.]

A P P E N D I X

Prepared Statement of Hon. Marlin A. Stutzman, Chairman, Subcommittee on Economic Opportunity

Good morning.

We are here today to review the VA budget for the Vocational Rehabilitation and Employment program as well as the Department's progress in implementing a new national contract for counseling services.

Let me begin by mentioning my concern about the average 130–150 caseload carried by each Vocational Rehabilitation and Employment counselor. To put it succinctly, that is way too high and that is why I support the Committee's Views and Estimates to the Budget Committee suggested a shift in funding to provide 50 more counseling staff.

Clearly, Members of this Committee support the concept of vocational rehabilitation as a means to return to the workforce or be rehabilitated as part of the Independent Living Program. However, the Department has been somewhat cavalier in implementing the provisions in section 334 of Public Law 110–389 that require VA to conduct a longitudinal study of at least 20 years' duration of three cohorts of VRE participants. It is my understanding that after completing an initial contract to begin the study, VA has not funded the effort. I find that unsatisfactory in light of the generous budgets given to VA since passage of that law.

As a reminder, Congress included the longitudinal study because little is known about the outcomes of those participating in VRE. For example, the Veterans' Benefits Administration's FY 2010 Annual Benefits Report includes such relevant information on VRE participants as how many came from each military service. But totally lacking is any information describing why of the nearly 70,000 applicants, 66,000 were found to be eligible for VRE, and 41,000 were found to be entitled to VRE benefits in FY 2010, there is no information on how many of those 41,000 continued in the program.

Further, there is no information on why thousands chose not to participate. Without such data, how is Congress to determine what changes to the law would decrease the dropout rate? There is an old saying in business: If you don't measure it, you can't manage it, and unfortunately, the Department's reluctance to fully implement P.L. 110–389 does not improve the current shortage of data.

I would also note that the VBA report presents VRE contradictory data. On several pages, VA indicates the just over 117,000 veterans participate in VRE. However, on page 70 of the report, VA counts 60,522 veterans participating in a vocational training program. What are the other 57,000 doing?

Finally, there is the issue of the rate of rehabilitation. VA states 10,038 veterans were rehabilitated in FY 2010. I believe that, given the significant portion attending long term education and training as well as the nature of participants' disabilities that is a reasonable number. However, it is not 76 percent of those in the VRE program. I am told this has been an issue for years and a GAO report stated that a proper accounting should produce a rate of about 18 percent. I encourage VA to rethink their accounting so that we are not forced to provide them with a mandatory formula.

Again, I welcome all of our witnesses and look forward to the distinguished Ranking Member's remarks so I will yield to him.

Prepared Statement of the Hon. Bruce L. Braley, Ranking Democratic Member, Subcommittee on Economic Opportunity

In past hearings, the Department of Veterans Affairs Vocational Rehabilitation and Employment program has been referred to as one of the VA's crown jewels, for the critical services and rehabilitation programs it provides. This program has the potential of becoming one of the best benefits programs under the VA.

Over the years, the VR&E program has grown and has become more comprehensive through legislation to better fulfill its mission, such as what Public Law 111-377 did as it aligned some of the education benefits under the Post-9/11 GI Bill. And most recently, it has been going through a transformation as it's being branded as the VR&E VetSuccess Program.

Today we will hear about VR&E's successes and failures, from the VetSuccess on Campus to the National Acquisition Strategy. Since the VR&E program provides assistance to service-disabled veterans seeking to obtain employment and independent living, it is crucial that we analyze their Budget Request for Fiscal Year 2012 and evaluate their resources, operations, and performance measures.

The VR&E program is unique in that it requires personal interaction with the veteran to deliver services. The Vocational Rehabilitation Counselor (VRC) plays a vital role in this key interaction with veterans. In the initial meeting between the VR&E counselor and the veteran, a determination is made as to whether the veteran suffers from an employment handicap. Eventually, the counselor develops a personalized plan to address the veteran's rehabilitation and employment needs. This is why it's extremely important that we assess the current ratio of counselors to veterans to see if it is appropriate.

I would also like to discuss how often veterans complete their rehabilitation plan and how long it takes, as well as hear about what may have deterred some veterans from completing their rehabilitation plan. I have concerns over the current VR&E data gathering methods. In FY 2009 there were 110,750 participants with 11,022 rehabilitated, and in FY 2010 there were 117,130 participants with 10,038 rehabilitated. What alarms me is that even while the number of participants has increased, the number of rehabilitated veterans has decreased.

I also question whether the number of participants in the program is misleading due to VA's definition of a participant. Currently, any veteran that has applied to the program but has never actually realized a rehabilitative plan is considered a participant. For example, if after submitting an application the veteran decides this program is not suitable for them, the application is still included in the participation rate. In FY 2010 the number of *actual* participants in some type of training program under VR&E was 60,522. The data gathering method is inaccurate, and that bothers me because these statistics are an essential tool to truly measuring the effectiveness of this program. I hope that Director Ruth Fanning will address this concern for us today.

The other initiative that I look forward to learning more about is VR&E's National Acquisition Contract and how successfully VA will work with contractors to avoid the same mistakes from nearly 2 years ago. Providing the vocational rehabilitative services a veteran needs can be challenging and avoiding problems with contractors who are unable to meet contract services can prevent veterans from achieving their rehabilitation plan.

We have noticed that the work at VR&E has been increasing. I hope the VA can reassure us today that their FY 2012 budget request will support the 15.5 percent increase in the VR&E workload.

**Prepared Statement of Heather L. Ansley, Esq., MSW, Director of
Veterans Policy VetsFirst, a Program of United Spinal Association**

Executive Summary

The Department of Veterans Affairs' Vocational Rehabilitation and Employment services are critical to helping eligible servicemembers and veterans with service-connected disabilities receive the skills and training necessary to help them reintegrate into their families and communities. Specifically, VR&E services provide veterans with service-connected disabilities the opportunity to return to or remain in the workforce. The opportunity to participate in the workforce is critical because employment provides people with both financial and social benefits that contribute to an enhanced sense of one's life's purpose.

Improvement of VR&E services has been the focus of Committees and task forces for a number of years. The 2004 VR&E Task Force made 110 recommendations for transforming VR&E. Many of these recommendations have been implemented, including the development of five tracks for the delivery of VR&E services and a re-focusing on assisting veterans with disabilities in returning to or remaining in the workforce.

VetsFirst believes that VR&E services are critical to veterans with disabilities and their efforts to work and live independently. A significant number of veterans, however, do not successfully complete their rehabilitation plans.

Because the services provided by VR&E are critical to ensuring that participants successfully complete and excel in their rehabilitation, sufficient financing must be available for the VR&E program. For example, eligible veterans should not be delayed or hindered due to VR&E staffing limitations. In addition, veterans who are pursuing “employment only” tracks should be able to receive a monthly subsistence allowance to ensure that they are not deterred due to lacking the financial assistance that would allow them to fully benefit from VR&E services.

Other barriers that challenge VR&E’s mission to focus on the employment of veterans with service-connected disabilities who have “employment handicaps” should also be eliminated. Specifically, the 12-year delimiting period to apply for VR&E services and the yearly cap for independent living services must be removed. Furthermore, VR&E must continue to increase collaboration with other agencies and organizations that provide employment and rehabilitation assistance, including State vocational rehabilitation agencies, to ensure that veterans have access to a full range of services.

VetsFirst believes that addressing barriers to successful completion of veterans’ rehabilitation plans will allow more veterans with service-connected disabilities to fully benefit from VR&E services, actively engage in and be a part of their communities, and regain financial stability.

Chairman Stutzman, Ranking Member Braley, and other distinguished Members of the Subcommittee, thank you for the opportunity to testify regarding VetsFirst’s views on the Department of Veterans Affairs’ Vocational Rehabilitation and Employment (VR&E) program budget and operations.

VetsFirst represents the culmination of 60 years of service to veterans and their families. United Spinal Association, through its veterans service program, VetsFirst, maintains a nationwide network of veterans service officers who provide representation for veterans, their dependents and survivors in their pursuit of VA benefits and health care before the VA and in the Federal courts. Today, United Spinal Association is not only a VA-recognized national veterans service organization, but is also a leader in advocacy for all people with disabilities.

VA’s VR&E services are critical to helping eligible servicemembers and veterans with service-connected disabilities receive the skills and training necessary to help them reintegrate into their families and communities. Specifically, VR&E services provide veterans with service-connected disabilities the opportunity to return to or remain in the workforce. The opportunity to participate in the workforce is critical because employment provides people with both financial and social benefits that contribute to an enhanced sense of one’s life’s purpose.

As a result of the wars in Iraq and Afghanistan and the current economic crisis, the number of veterans requesting and receiving VR&E services will likely continue to increase. Sixty percent of the over two million servicemembers who deployed to Iraq and Afghanistan have left active duty and are now eligible for VA benefits, and approximately 40 percent of these veterans have applied for compensation related to a disability.¹ Compounded by an unemployment rate of almost 9 percent across all sectors, competition for many employment opportunities is harder than ever. VR&E services provide eligible veterans with the competitive edge to win precious employment opportunities.

Veterans are eligible to receive VR&E services upon application if they have an other than dishonorable discharge and a service-connected disability rating from VA of at least 10 percent. Servicemembers who apply for the services, are awaiting discharge from active duty, and receive a memorandum rating of 20 percent or higher from VA are also eligible for VR&E services. Applications must be made within 12 years of the date of separation or upon notification by VA of an eligible service-connected disability rating.

A determination that the veteran is eligible for VR&E services does not automatically confer entitlement to the services. In order to be entitled to receive VR&E services, veterans must have “an employment handicap.” For veterans with service-connected disabilities of 20 percent or higher, the determination by a vocational rehabilitation counselor of an employment handicap is sufficient to confer eligibility. For veterans with service-connected disabilities of 10 percent, a vocational rehabilitation counselor must determine that “a serious employment handicap” is present. Veterans who need services and apply after the expiration of the 12-year delimiting pe-

¹Veterans for Common Sense, VA: Consequences of Iraq and Afghanistan Wars (2011), <http://www.govexec.com/pdfs/032111bb1.pdf>. Veterans for Common Sense prepared these statistics based on information from VA obtained through the Freedom of Information Act.

riod may receive services if VR&E determines that the individual has a serious employment handicap.

Once entitlement is established, vocational rehabilitation counselors work with eligible veterans to begin the process of developing a rehabilitation plan. VR&E delivers services through one of five tracks: reemployment, rapid access to employment, self-employment, employment through long-term services, and independent living. Although there are five tracks through which a rehabilitation plan may be delivered, it is possible for a combination of these tracks to be pursued within an individual rehabilitation plan.

Improvement of VR&E services has been the focus of Committees and task forces for a number of years. The 2004 VR&E Task Force made 110 recommendations for transforming VR&E. Many of these recommendations have been implemented, including the development of the five tracks for delivery of VR&E services and a refocusing on assisting veterans with disabilities in returning to or remaining in the workforce. The purpose of developing tracks was to ensure that VR&E services were meeting the varying employment needs of veterans, including the immediacy of the need.

VetsFirst believes that VR&E services are critical to veterans with disabilities and their efforts to work and live independently. A significant number of veterans, however, do not successfully complete their rehabilitation plans.

Continued investment in VR&E is needed because it provides the types of support that are critical to ensuring that participants successfully complete and excel in their rehabilitation. To ensure that veterans with disabilities are able to successfully complete rehabilitation by obtaining and maintaining suitable employment or through independent living, VR&E must receive sufficient resources. Although the wars in Iraq and Afghanistan have steadily increased the number of service-members and veterans seeking services, VR&E resources have not kept pace. For example, caseloads for counselors have remained higher than VR&E's target of 1 to 125. A recent sampling showed caseloads that ranged up to 1 to 160.²

Although VR&E has increased its workforce in recent years, VetsFirst remains concerned that VR&E lacks a sufficient number of employees. Specifically, VR&E must have a sufficient number of trained employees who can ensure that eligible veterans are not delayed in gaining entrance to services, and once allowed entry, can dedicate the time needed to work with veterans in the development, implementation, and completion of their rehabilitation plans. Ensuring that VR&E has the staff needed to assist veterans in returning to the workforce is a critical aspect of helping veterans with disabilities re-establish their identity as productive citizens.

In addition to ensuring that VR&E has the resources needed to serve veterans requiring rehabilitation services, VetsFirst believes that veterans pursuing "employment only" tracks must have the financial resources needed to complete their plans. Veterans who pursue employment only tracks are not able to receive a monthly subsistence allowance. Subsistence payments are only available to veterans who pursue employment through long-term services, which includes specialized training or education.

In a January 2009 report on VA's VR&E program, the GAO determined that incentives must be realigned to ensure that the program is able to fulfill its mission.³ GAO stated that, "we are concerned that without properly aligned incentives and supports, veterans who need assistance finding immediate employment may not seek out VR&E services and others may not choose the track that is best suited for them."⁴ Although the precise connection between subsistence and track selection has not been determined, GAO's review of the track selections of nearly 24,000 veterans between January 2007 and early May 2008 showed that 80 percent pursued employment through long-term services.⁵

As previously stated, the employment through long-term services track is the only track that provides a monthly subsistence allowance for participants. VetsFirst believes that subsistence payments would be beneficial for veterans with disabilities completing employment only tracks and may encourage selection of these tracks when appropriate. For veterans with disabilities who have families to support, the ability to receive a monthly subsistence allowance while seeking employment could be key to the veteran receiving the right type of rehabilitation that will lead to a successful future.

² *The Independent Budget* for the Department of Veterans Affairs—Fiscal Year 2012 39 (2011).

³ Government Accountability Office, "VA Vocational Rehabilitation and Employment: Better Incentives, Workforce Planning, and Performance Reporting Could Improve Program," GAO-09-34, January 2009, at 11.

⁴ *Id.*

⁵ *Id.* at 10.

In addition to resource barriers for VR&E and veteran recipients, VetsFirst believes that there are other barriers to VR&E services that must be eliminated. Because the mission of VR&E is to assist veterans with disabilities related to their service requiring rehabilitation to actively engage in the workforce and live independently, the arbitrary timeline for eligibility and caps for independent living services must be removed.

Currently, an eligible veteran must apply for VR&E services within 12 years of the date of separation or upon notification by VA of a service-connected disability rating conferring eligibility. Services that seek to return veterans to the workforce and allow them to live independently should be heavily encouraged. Veterans who are initially eligible may not need the services until after the 12-year delimiting period has expired. Even though applications filed outside of the 12-year delimiting period may be accepted if the applicant has a serious employment handicap, potentially eligible veterans may believe that they will not be able to receive assistance.

Similarly, VetsFirst believes that the cap for independent living services should be eliminated. For veterans needing the skills and resources to allow them to live independently, VR&E services are critical. The independent living track is able to assist with skills training, assistive technology, and linkages to community-based services and supports. The number of veterans who can benefit from these critical skills should not be limited.

The Veterans' Benefits Act of 2010 (P.L. 111-275) increased the number of veterans who may receive these services each fiscal year to 2700. Although it may appear that demand does not exceed the cap, its mere existence requires careful management to ensure that the veterans who most need to participate in the independent living program are able to access the services when needed. The consequence may be delayed entry for some eligible veterans until the next fiscal year. The removal of the cap will ensure that eligible veterans who can benefit from independent living services are not denied or delayed in receiving those services.

VetsFirst also believes that the self-employment track should not be targeted only to those who have severe disabilities or require special accommodations. Self-employment and small business development is a viable option for many veterans with disabilities. For instance, small businesses owned by service disabled veterans have contracting advantages with the Federal Government. Thus, the opportunity to develop a small business must be a serious consideration for any veteran seeking to be an entrepreneur.

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

VetsFirst also believes that VR&E must focus on assisting veterans in obtaining employment that is above entry-level when appropriate. In addition to ensuring that veterans are placed at the right levels of employment, VetsFirst believes that it is important to follow the advancement of veterans to determine if VR&E services have assisted them in obtaining growing careers. VR&E must not simply prepare a veteran for today's workforce but anticipate the demands of tomorrow's workplace.

To accomplish the goal of helping veterans obtain the right types of employment, VR&E has worked to increase collaboration with other agencies and organizations that provide employment and rehabilitation assistance for veterans and people with disabilities, including State vocational rehabilitation agencies. VetsFirst believes that these collaborations are important because veterans with disabilities are people with disabilities. Specifically, eligible veterans must be able to benefit from both VR&E and State vocational rehabilitation services.

VetsFirst is pleased that VR&E is in the process of finalizing a memorandum of understanding with the Rehabilitation Services Administration. Formalizing the connection between VR&E and State vocational rehabilitation agencies through the Rehabilitation Services Administration is critical to ensuring that veterans with disabilities receive the services they need to help them return to or remain in the workforce. Without a strong partnership between VR&E and State vocational rehabilitation agencies, veterans with disabilities who need these services may be unable to successfully navigate these programs.

Thank you for the opportunity to testify concerning VetsFirst's views on VA's VR&E program budget and operations. We appreciate your leadership on behalf of our Nation's veterans with disabilities and their families and survivors. VetsFirst stands ready to work in partnership to ensure that all veterans are able to re-

integrate into their communities and remain valued, contributing members of society. I would be pleased to answer any questions.

**Prepared Statement of John L. Wilson,
Assistant National Legislative Director, Disabled American Veterans**

Executive Summary

- Vocational Rehabilitation and Employment (VR&E) service projects a 10 percent increase in its workload for fiscal year (FY) 2012 over 2011, a workload of 119,905 veterans. These numbers continued to increase from FY 2011's workload of an estimated 109,005. Additional funding to support this growth is essential.
- General Accounting Office (GAO) 2009 study assessed VR&E staff's ability to meet its core mission and found:
 - 54 percent of all 57 regional offices reported fewer counselors than needed;
 - 40 percent reported fewer employment coordinators than needed; and
 - 90 percent reported caseloads more complex for veterans of the current conflicts.
- VR&E current caseload target is one counselor for every 125 veterans, but feedback from the field found workload ranging as high as one to 160.
- VR&E needs at least 100 new staff counselors to reduce current counselor-to-client workload and 50 additional full-time employees (FTE) for management and oversight of contract counselors and rehabilitation and employment service providers.
- VR&E needs 10 additional FTE to expand the Veteran Success on Campus program.
- Congress should continue to monitor the results of ongoing work measurement/skills studies and provide funding for any identified staffing needs and targeted training in core competencies.
- Congress should fund the longitudinal study it mandated in Public Law 110-389, which will provide greater understanding of the needs of VR&E program participants and accuracy of reporting of program outcomes.
- To achieve better outcomes, VR&E service along with other VA employment, education and business assistance programs designed to enhance economic security, should be reorganized into a single new administration inside Department, on par with the Veterans Health Administration, Veterans Benefits Administration and National Cemetery Administration.

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting the Disabled American Veterans (DAV) to testify at this important hearing of the Subcommittee on Economic Opportunity to address the Vocational Rehabilitation and Employment Service's fiscal year (FY) 2012 budget, its operations and ways to improve its performance. DAV is an organization of 1.2 million service-disabled veterans, and we devote our energies to rebuilding the lives of disabled veterans and their families and survivors.

Congress appropriates funds to the Department of Veterans Affairs so it can provide assistance to veterans seeking employment through VR&E services, VetSuccess program. This program assists veterans with service-connected disabilities in preparing for, finding and keeping jobs suitable to their skill sets. For veterans with severe service-connected disabilities that impact their ability to immediately work, other services are available to help them live as independently as possible.

Veterans are eligible for VR&E's VetSuccess program if they have an other than dishonorable discharge as well as a service-connected disability rating of at least 10 percent, or a memorandum rating of 20 percent or more from the VA. The VetSuccess program is also open to active duty military who expect they will be separated with an honorable discharge and who also have a memorandum rating of 20 percent or more from the VA. Those who meet these criteria and apply for the program may receive a comprehensive evaluation that determines their employment interests, skills and abilities. Once the evaluation is complete, vocational counseling and rehabilitation planning towards employment service assistance may be provided. These employment services include job training, job-seeking skills, resume development, and other types of work readiness assistance. They may be given the opportunity to enhance existing skills sets through on-the-job-training (OJT), appren-

ticeships, and non-paid work experiences as well as post-secondary training at a college, vocational, technical or business school. During this process, participants may also receive supportive rehabilitation services such as case management, counseling, and even medical referrals.

Those with severe disabilities that are unable to work may qualify for the Independent Living program which allows eligible veterans to live independently. They may be provided assistive technology to help them adapt to their circumstances, specialized medical, health, or rehabilitation services, assistance in addressing personal or family adjustment issues and be put in contact with support services within their community.

The basic period of eligibility for VetSuccess cannot currently exceed 12 years from either the date of separation from active duty, or the date the veteran was notified by the VA of their service-connected disability rating. This 12-year eligibility period can only be extended if a Vocational Rehabilitation Counselor (VRC) determines that a veteran has a serious employment handicap.

The extended nature of the current overseas conflicts, combined with the slow recovery of the economy, have resulted in a projected 10 percent increase in VR&E's workload. In FY 2012, the VA anticipates 119,905 program participants to apply for these benefits as regular military personnel, guardsmen, and reservists return from the global war on terrorism and transition to veteran status. These numbers continued to increase from FY 2011's workload of an estimated 109,005. Additional funding to support this growth is essential. The President has requested 1,286 direct FTE to provide these critical services, an increase of 129 above the FY 2011 FTE level.

DAV and our partners from *The Independent Budget* (IB) referenced in our FY 2012 document a General Accounting Office (GAO) 2009 study that assessed VR&E staff's ability to meet its core mission.¹ GAO found:

- 54 percent of all 57 regional offices reported fewer counselors than needed;
- 40 percent reported fewer employment coordinators than needed; and
- 90 percent reported caseloads more complex for veterans from the current conflicts.

Feedback that DAV received from the field found that while VR&E has a current caseload target of one counselor to every 125 veterans, the actual workload ranged as high as one to every 160 veterans. The IB recommended 100 new staff counselors and 50 additional FTE for management and oversight of contract counselors and rehabilitation and employment service providers. We concur with the Committee's *Views and Estimates for FY 2012* that VR&E counselors' current caseload is too high.

While addressing staffing, we must also highlight "Veteran Success on Campus," a VA pilot program begun at the University of Southern Florida, which placed a vocational rehabilitation counselor and a Veterans Health Administration (VHA) outreach coordinator on the campus to assist veterans in vocational rehabilitation as well as veterans enrolled in the Post-9/11 GI Bill or other VA educational programs. Given the program's success, *The Independent Budget* Veterans Service Officers (IBVSOs) supported its expansion to Cleveland State University, Ohio and San Diego State College, California in FY 2011. In FY 2012, the plan is to expand the program further to Rhode Island Community College, Texas A&M, Arizona State University in Tempe, and Salt Lake City Community College. VR&E requested at least 10 full-time employees in FY 2012 to manage this expanding campus program. The IBVSOs support this request.

We were pleased with the Committee's *Views and Estimates for FY 2012* which stated, "... given the caseload increase of roughly 10,000, the FTE increase will do little to reduce the average caseload from the current 135 to 150 veterans per counselor." You recommended a reallocation of \$5.5 million from the General Administration account to support 50 additional VR&E counselors, above the increase of 129 called for by the President, to both decrease the length of time needed to begin receiving services and increase the quality of those services.

In accordance with DAV Resolution No. 307, which calls for increased staffing levels in VR&E, and the IB, we support the Committee's *Views and Estimates for FY 2012* call for an increase in VR&E staff to 179 FTE.

The next area to address is the operation of the VR&E service and ways it could be improved. Congress should continue to monitor the results of VR&E's ongoing work measurement and skills study begun in February 2010 through its Business Process Reengineering (BPR) initiative. The BPR initiative is focused on stream-

¹ Government Accountability Office, *VA Vocational Rehabilitation and Employment: Better Incentives, Workforce Planning, and Performance Reporting Could Improve Program*, GAO-09-34, January 26, 2009, 6.

lining processes and paperwork, redefining roles and metrics as well as leveraging technology to improve delivery of services. Once completed, we encourage Congress to provide the necessary funding for any identified staffing needs and targeted training in core competencies as well as possible legislative remedies.

An accurate determination of the effectiveness of the VR&E program is an essential element in decisions regarding delivery of services, staff size, level of expertise, ongoing staff training requirements, optimum service delivery mechanisms to address the needs of program participants, the accuracy of reporting outcomes and other areas for improvement. The opportunity to obtain information to address these concerns can be obtained from a longitudinal study, a correlational research study that involves repeated observations of the same items over long periods of time, often decades. Longitudinal studies track the same people, and therefore the differences observed in those people are less likely to be the result of cultural differences across generations. Congress mandated such a study with the passage of the Veterans' Benefits Improvement Act of 2008, Public Law 110-389, section 334, on October 10, 2008. VA was required to conduct a longitudinal study of its vocational rehabilitation programs, tracking individuals over a 20-year period that began participating in a vocational rehabilitation program during fiscal years 2010, 2012, and 2014. Annual reports are due to the Committees on Veterans' Affairs of the Senate and House of Representatives on July 1 of each year, with the first one due this year. The focus of the study is to assess the long-term outcomes of the individuals participating in the vocational rehabilitation programs.

We agree with Congress that such a study is certainly needed as it has the great potential to provide fresh insights into the complex issue of delivery of VR&E services to our Nation's veterans. We therefore urge Congress to appropriate the necessary funds to support such a study.

Delivery of services will be further enhanced with the planned stationing of VR&E counselors at four of the largest Integrated Disability Evaluation System (IDES) sites. The IDES mission is to provide a Department of Defense (DoD) and VA IDES that is seamless, transparent, and administered jointly by both Departments, using one disability rating system, thus streamlining the process for the military personnel transitioning from the DoD to the VA. IDES features a single set of disability medical examinations to determine both fitness and disability, and a single set of disability ratings provided by VA. The IDES is the result of a recommendation of the President's Commission on Care for America's Returning Wounded Warriors that "DoD and VA should create a single, comprehensive, standardized medical examination that the DoD administers. It would serve DoD's purpose of determining fitness and VA's of determining initial disability level."²

When a military member's medical conditions cause them to be put on a medical profile that makes them no longer deployable and curtails their ability to effectively carry out the duties of their rank and military specialty, they will be evaluated by a Medical Evaluation Board (MEB). If the MEB determines that the member has a medical condition which is incompatible with continued military service, they are referred to the IDES. Then, an Informal Physical Evaluation Board (IPEB) determines if the military member is fit for continued duty. Through a review of medical documentation, a commander's statement and information submitted by the military member, a three-member board from the member's military Service branch determines if they can continue in the service. If the IPEB decides the member can continue, they are designated "fit" and returned to duty. If not, they are found "unfit."

If found unfit, the records are sent to the Veterans Benefit Administration (VBA) to receive a disability rating. After the VBA reviews the records and determines the disability rating, the record is passed back to the IPEB, which uses the VA's cumulative rating to determine the overall percentage of disability for the unfit conditions causing the member to be separated from the military. There are three types of medical separations the member can receive: separated without severance pay, separated with severance pay, or retired. Once the military member is informed of the IPEB's decision, they can either accept the findings or appeal the decision to a Formal Physical Evaluation Board (FPEB). The FPEB reviews all the information that the IPEB had, with the added feature of the member being able to personally appear before the FPEB and offer additional evidence. The FPEB holds a hearing, weighs the prior evidence, the member's testimony and any new evidence presented, and renders its recommendation. Just as with the IPEB, there are three types of medical separations the member can receive: separated without severance pay, separated with severance pay, or retired. Those who receive a disability rating of 20 percent or less are separated with or without severance pay. Those who receive a disability rating of 30 percent or more are either placed on the Temporary Disability

²The President's Commission on Care for America's Returning Wounded Warriors (July 2007), 7.

Retired List and reevaluated at least every 18 months with a final disability rating decision rendered at the 5-year point, or they are permanently retired from military service.

As currently planned, when the military member is being processed through one of the four IDES sites staffed with VR&E counselors, they will be given a mandatory appointment to meet with a VRC and will be assisted in developing vocational goals as part of a vocational rehabilitation plan to assist them in making a successful transition from the military. These services will range from a comprehensive rehabilitation evaluation to determine abilities, skills, and interests for employment purposes to support services to identify and maintain employment. By physically placing VRCs at the largest IDES locations, benefits delivery timeliness may be improved, early intervention will help combat homelessness as well as poverty caused by under-employment.

While we are pleased with the progress of the IDES program to date and VR&E's plans to expand delivery of services, we are concerned about another aspect of the program; servicemembers participating in IDES not having ready access to representation from a veterans service organization. As a result, most of the separating military members are relying instead on the advisory services of military counsel. Because most servicemembers undergoing this process are unaware of what is clearly a complex disability adjudication process which can render decisions with ramifications on access to VA benefits for years afterward, we believe their interests would best be served if they are represented by a national service officer of a chartered veterans service organization. DAV and the other coauthors of the IB therefore urge the DoD and VA to address this observed gap in IDES and expand access to our services.

Another area where access to VR&E services could be enhanced would be with the elimination of the current 12-year eligibility period. In accordance with DAV Resolution No. 303, we recommend leaving the date to apply for this benefit open-ended. Despite efforts to keep veterans informed of their benefits, not all disabled veterans are aware of their possible entitlements to VR&E programs at the time they are awarded service-connection for disabilities until life's circumstances otherwise intervene. Many veterans do not necessarily see themselves as needing vocational rehabilitation until later in life, which is often after the current 12-year rule excludes them from the benefit they need and to which they would otherwise have been entitled. Since VA puts no time limit on when a veteran may claim his or her disability, we assert that there should be no time limit for access to VR&E benefits either. Open-ended eligibility could also help reduce the claims workload as applicants would not have to submit new claims or reopen old ones in hopes of being granted a new service-connection that would once again make them eligible for VR&E benefits.

The VR&E Service focuses on providing individualized services to veterans with service-connected disabilities in an effort to assist them in achieving functional independence in daily activities, becoming employable, and obtaining and maintaining suitable, quality employment. VR&E has focused more on the vocational rehabilitation aspect and less on employment. For example, VR&E only conducts a 60-day follow-up on individuals recently employed as a measure to determine if they are "fully rehabilitated." Even more disturbing is the fact that if a veteran discontinues the use of VR&E services, regardless of the reasoning, VR&E reports it as a successful case of "full rehabilitation." It is imperative that programs designed to prepare veterans for employment, both vocational rehabilitation and education programs, be better integrated with programs designed to secure veterans' employment.

We also recommend, in accordance with DAV Resolution No. 307, that the current 60 days of employment as the standard for a veteran to be considered fully employed is insufficient. Typically, new employers require much longer periods of probationary employment. In the Federal sector, the probationary employment period can be for up to 1 year. We therefore recommend VR&E provide placement follow-up with employers for at least 6 months.

VA also needs to continue improving its coordination with non-VA 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. Under the VA Strategic Plan for FY 2006–2011, the VA acknowledged that it 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 memoranda 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. Moreover, the VA is increasingly engaged with State vocational rehabilitation agencies in outreach to the business community to promote veterans with disabilities as a

valuable talent pool. In addition, numerous nonprofit vocational rehabilitation providers have served veterans with disabilities for many years in partnership with VA.

These partnerships, however, create challenges 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 seeking to contract with VR&E. As a result, private non-VA providers that could address some of the demand by disabled veterans for employment assistance are shut out by complicated contracting rules. At the same time, State vocational rehabilitation agency staff may not always be familiar with veteran-specific disability issues related to traumatic brain injury, post-traumatic stress disorder, and other combat-related injuries and conditions. In addition, because of funding and staffing shortages experienced by State vocational rehabilitation agencies, disabled veterans seeking vocational rehabilitation services could bounce between VA's VR&E and State vocational rehabilitation agencies without being properly served.

We recommend that VR&E Service improve its national acquisition strategy to make it easier for qualified vocational rehabilitation providers to offer services to disabled veterans. Further, VA should offer joint training to their staffs as well as State vocational rehabilitation partners on traumatic brain injury, post-traumatic stress disorder, and other veteran-specific disability issues to improve cross-agency coordination. VR&E should continue to enhance coordination with State vocational rehabilitation programs, One-Stop Career Centers, and private sector vocational rehabilitation programs. The VR&E Service should also improve case management techniques and use state-of-the-art information technology to track the progress of veterans served outside VR&E.

We also know that veterans with dependents are the second largest group that looks to VR&E for assistance. They also tend to use VR&E's employment services track more than disabled veterans who do not have dependents. While pursuing vocational rehabilitation may be a wish, the need for immediate employment to meet the demands of life's financial obligations in cases where VA's assistance is inadequate. For example, those veterans who do not qualify for the Post-9/11 GI Bill do not have the option of using the more generous housing stipend over the vocational rehabilitation's living stipend. We therefore recommend veterans in this circumstance be provided child care vouchers or stipends so long-term education or vocational rehabilitation will no longer be out of reach. We also recommend a monthly stipend for those participating in the employment track of VR&E programs.

The Independent Living program, as noted earlier, allows eligible veterans to live independently by providing assistive technology to help them adapt to their circumstances, specialized medical, health, or rehabilitation services, assistance in addressing personal or family adjustment issues and be put in contact with support services within their community. Unfortunately, the program participation is capped and program participation cannot exceed 30 months. The current cap is at 2,700 as a result of Public Law 111-275, the Veterans Benefits Act of 2010. The problem is, as VR&E approaches the ceiling each year, it must consequently slow delivery of services until the next fiscal year. We therefore recommend that Congress eliminate the 30-month maximum and the cap on program participation.

The last area I wish to address has to do with the delivery of services, not just by VR&E service, but all VA programs designed to enhance the economic security of veterans, specifically those focused on employment, education, and business assistance. In accordance with DAV Resolution 306 and the recommendation of the FY 2012 IB, we call for the reorganization of all such programs within a single new Administration inside the Department, commensurate with VHA, VBA, and the National Cemetery Administration.

While all Americans face challenges during economic downturns, veterans have been particularly hard hit. Statistics clearly illustrate the struggle that veterans face while transitioning from military service to civilian life. Unemployment statistics for February 2011 from the Bureau of Labor Statistics showed the overall unemployment rate for all veterans of 9.2 percent.³ For veterans from the Iraq and Afghanistan conflicts, the unemployment rate is 12.5 percent.⁴ While there is some improvement from March 2010, when the unemployment rate was 14.7 percent for this group, it is still higher than the national average. Moreover, younger veterans, those ages 18-24, are at times twice as likely to be unemployed as their civilian counterparts.

³Table A-5. Employment status of civilians of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted, March 4, 2011, <http://www.bls.gov/news.release/empst.t05.htm>

⁴Ibid.

On any given night it is estimated there are 79,000 homeless veterans. Even though this number has decreased in recent years, it is still too high. Congress approved a historic new GI Bill for Post-9/11 veterans, but VA struggled to implement this program and deliver this benefit. Vocational rehabilitation programs for disabled veterans have failed to achieve adequate success rates despite improvements in recent years. VA programs designed to provide assistance to veteran entrepreneurs have fallen short of expectations, in part due to the lack of funding and proper organization.

In order to achieve better outcomes for veterans, DAV and our partners in the IB believe that VA programs that effect veterans' economic status should be housed under a new and separate administration, the Veterans Economic Opportunity Administration (VEOA). The VEOA would be headed by an Under Secretary for Veterans Economic Opportunity who would administer all VA programs of economic opportunity assistance to veterans and their dependents and survivors. This new administration would be responsible for and composed of the following existing programs: VR&E Service; Education Service (GI Bill); Office of Small and Disadvantaged Business Utilization; Homeless Veterans Program Office; and Home Loan Guaranty.

As veterans' programs have become more complex over the years, the dispersed nature of these programs has challenged VA's senior management to effectively monitor the delivery of services for each program. Establishing a fourth administration within VA dedicated to creating economic opportunities for veterans would increase the visibility and accountability of all employment-related programs and would allow an overburdened VBA to focus on the monumental task of reforming the disability compensation claims processing system.

Mr. Chairman, this concludes my testimony. I would be glad to answer any questions you may have.

**Prepared Statement of Richard C. Daley,
Association Legislation Director, Paralyzed Veterans of America**

Chairman Stutzman, Ranking Member Braley, and Members of the Subcommittee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to testify concerning the issue of the Department of Veterans Affairs (VA) Vocational Rehabilitation and Employment Program (VR&E). The Global War on Terror has produced a large number of men and women that have honorably served the country and have returned to civilian life with one or more physical and or psychological wounds that create barriers to entry, or reentry into the civilian workforce. PVA would like to thank Congress and this Subcommittee for all the support they have provided disabled veterans and all veterans to make this transition successfully.

The purpose of the VR&E program, as authorized under Chapter 31 of title 38 U.S.C., is to provide comprehensive services to address the employment barriers of service-connected disabled veterans in an effort to achieve maximum independence in daily living, and to obtain and maintain gainful employment. Ultimately, a goal of the VR&E program is to provide services to severely disabled veterans that will help them achieve the highest quality of life possible.

Currently, to be eligible for VR&E, a veteran must have been discharged under circumstances other than dishonorable; have a disability rating of 20 percent or more that was incurred in, or aggravated by their service; and be in need of vocational rehabilitation in an effort to overcome employment barriers caused by such service-connected disability. VR&E provides for 48 months of entitlement to use the program and, unfortunately veterans only have 12 years from the date of the initial VA disability rating notification to utilize the program, with an exception for those with a serious employment disability.

PVA and the other co-authors of the *The Independent Budget*, Disabled American Veterans, AMVETS, and Veterans of Foreign Wars strongly believe that this 12-year eligibility period should be eliminated and all veterans with employment impediments should qualify for VR&E services. Many veterans are not aware of the VA's VR&E program and how it can be used to improve veterans' lives. Often veterans learn of the VR&E services while talking to a VSO service officer or a service organization years after their discharge and they have little time remaining to utilize the program.

After severe injuries such as Traumatic Brain Injury (TBI) or Spinal Cord Injury (SCI) a veteran requires years to complete rehabilitation and make the adjustment to basic activities of daily living. During this time he or she is focused on recovery

and the activity of returning to work is not a top priority for the veteran. Nevertheless, the veteran's eligibility is elapsing.

Additionally, as many disabled veterans age, the service-connected disability may impose further restrictions on a veteran preventing him or her from continuing their civilian work activities. The veteran may still have the economic need and the desire to work for another 10 or 20 years. With the 12-year limitation, many service-connected disabled veterans are disqualified and not able to utilize the VR&E services they have earned through the VA.

During the process of testing, evaluating, and preparing rehabilitation plans for qualifying veterans, the VR&E program often uses contracted suppliers. The VA claims that this is the only possible option available to address the needs of veterans in remote geographic areas and provide some of the support functions such as administrating testing procedures. PVA questions the use of contractors to perform the individual "one-on-one" work with veterans. We are concerned that this "one-on-one" work with the veteran is being contracted out in order for the trained VA counselor to have time to complete required VA paper work. If this in fact is true, then this is certainly not the best use of the experienced VA counselors' expertise.

Another issue of concern for PVA is uniformity of the VR&E program regulations. PVA has received reports that different VA offices interpret the regulations pertaining to the VR&E program differently. This fosters inconsistent case management and a lack of accountability. In a previous hearing, PVA explained the story of one of our members with a recent spinal cord injury that was participating in the VR&E program. The program required the veteran to attend regular scheduled sessions and the veteran had problems with punctual attendance for the prescribed program at a VA facility. This was due to a physical and medical condition directly related to his injury. The veteran was expelled from the program, against the veteran's wishes, because of his late arrivals. PVA believes this was a strict interpretation of the regulation for participation in the program. The veteran was seriously disabled and still has the ambition and desire to work. The VA should work with the veteran, not against the veteran.

Lastly, another issue brought to our attention by our service officers is the inability to quickly provide some basic services to those veterans that have been diagnosed with amyotrophic lateral sclerosis (ALS), which is a terminal condition. In recent years the VA has required the rating system to expedite these claims since an ALS diagnosed veteran has limited time (two to five years) to live. This has resulted in the ALS veteran receiving his or her usual compensation check as quickly as possible. In advanced stages of ALS, the veteran will rely on a wheelchair for mobility and most likely choose to spend the remaining months at home with family, rather than in a nursing facility or VA hospital. The procedure to modify the bathroom door for the wheelchair and other minor modifications now requires a veteran to submit the application for a Specially Adaptive Housing (SAH) grant, wait for approval of the application and submit the technical drawing for the construction modifications. The VA will then approve the plan or make recommendations for the modification. If recommendations are needed, the veteran resubmits the plan, and waits for the VA to approve the plan again. The VA also goes to the home to inspect the proposed site modification and at that time they may require additional plans for more modifications such as the addition of a second accessible rear entrance for emergency exit. This requires another application and another set of drawings and another approval procedure. The entire process could require 6 to 12 months.

The veteran's only request was to modify the bathroom door by enlarging it 2 inches to accommodate the wheelchair. Any other mobility inconveniences would be tolerated in order to allow the veteran to remain in the home during the last months of life. Unfortunately as the veteran waits for the system to complete the requirements of the VA procedures, it is not unusual for the veteran to die before the home is modified to the VA standards.

For years the VA VR&E program has used funds from the Independent Living (IL) program to accommodate the ALS diagnosed veteran. The veteran and IL Counselor would select a previously approved contractor who follows the VA guidelines for bathroom modifications. The work is completed in weeks and the contractor is paid with IL funds.

In the last year, the VA has changed this procedure and will not allow the IL program to pay for modifications and requires the Specially Adapted Housing (SAH) grant through the VA prosthetics program to accommodate the necessary modifications. This in fact, may be the new method to administer and account for these funds, but it is not working for the dying ALS veteran. PVA strongly encourages Congress and the VA to change its current policy involving veterans with ALS so

that these claims are expedited to ensure veterans receive all necessary support during these last months of life.

VR&E should be more flexible with providing programs for veterans. The goal should be employment whenever possible, not just completing a prescribed course. This should include educational programs and non-degree employment training programs. Moreover, the VA should ensure that the training options offered through VR&E are compatible with the current 21st Century workplace.

The VA's VR&E program provides invaluable services to America's veterans. From technical and professional training to self-esteem and a sense of financial independence. It is for this reason the VR&E services should fully meet the needs of veterans who have made the ultimate sacrifice and incurred a service-connected disability.

PVA would like to thank this Subcommittee again for their constructive input on the programs of the Department of Veterans Affairs that help improve the lives of veterans. That concludes my testimony. I would be happy to answer questions you may have.

**Prepared Statement of John M. McWilliam,
Deputy Assistant Secretary for Operations and Management,
Veterans' Employment and Training Service, U.S. Department of Labor**

Executive Summary

The Veterans' Employment and Training Service (VETS) proudly serves veterans and transitioning servicemembers 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), which provide Federal funds to support State-employed Local Veterans' Employment Representatives (LVERS) and Disabled Veterans' Outreach Program Specialists (DVOPs);
- The Transition Assistance Program Employment Workshops (TAP);
- The Homeless Veterans' Reintegration Program (HVRP); and
- The Uniformed Services Employment and Reemployment Rights Act (USERRA).

Much of VETS' interaction with the VR&E program is through the Workforce Investment System and the outstationing of Disabled Veterans' Outreach Program specialists (DVOPs) at Vocational Rehabilitation and Employment (VR&E) offices.

Under a Memorandum of Agreement (MoA) between the Department of Labor (DoL) and VA a Joint Working Group (JWG) has been working to improve the quality of employment services and job placements for veterans enrolled in VR&E programs. The JWG has:

- Facilitated a pilot program to identify and catalogue best practices from existing sites. This 1-year pilot involved eight locations nationwide.
- Developed roles and responsibilities for the major agencies involved in the VR&E process.
- Identified the major issues to providing shared data between the VA and DoL.
- Identified the joint training requirements for both DoL/VETS and VR&E employees involved in employment assistance at the VR&E locations.
- Developed a technical assistance guidance document that specified the roles and responsibilities and reporting requirements for both DoL/VETS and VR&E staff.

VETS has designated the outstationed DVOP position at the VR&E offices as an Intensive Service Coordinator (ISC). The ISC provides employment information to VR&E participants during their rehabilitation program. In 2009 VETS issued guidance that each State would include an ISC at each VR&E Regional Office. All States subsequently incorporated the ISC into their FY 2010 State plans.

In FY 2010, 4,989 disabled veterans who completed VR&E were referred to the State Workforce Agencies for intensive employment services. Of these, 1,764 were placed into employment for a placement rate of 35 percent. This was at an average annual wage of \$37,800. During the first quarter of FY 2011, 1,323 referrals were made to the State Workforce Agencies.

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 Department's interagency cooperation with the Department of Veterans Affairs' Office of Vocational Rehabilitation and Employment (VR&E),

and our joint efforts to serve our Nation's disabled veterans in need of VR&E services that lead to employment.

The Veterans' Employment and Training Service (VETS) proudly serves veterans and transitioning servicemembers 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), which provide Federal funds to support State-employed Local Veterans' Employment Representatives (LVERS) and Disabled Veterans' Outreach Program Specialists (DVOPs);
- The Transition Assistance Program Employment Workshops (TAP);
- The Homeless Veterans' Reintegration Program (HVRP); and
- The Uniformed Services Employment and Reemployment Rights Act (USERRA).

Much of VETS' interaction with the VR&E program is through the Workforce Investment System and the outstationing of Disabled Veterans' Outreach Program specialists (DVOPs) at VR&E offices. Accordingly, VETS continues to work in partnership with its JVSG recipients on behalf of VR&E job-ready veterans who are referred to and registered with State Workforce Agencies (SWA) for intensive employment services.

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 VR&E offices. They also provide recovery and employment assistance to wounded and injured servicemembers receiving care at Department of Defense military treatment facilities and Warrior Transition Units through the Recovery & Employment Assistance Lifelines (REALifelines) program, working closely with the VR&E rehabilitation counselors also at these facilities. DVOPs focus their services to disabled veterans. DVOPs also provide services through the Homeless Veterans' Reintegration Program, Veterans' Workforce Investment Program, Transition Assistance Program, and Incarcerated Veterans' Transition Program.

Background of Collaboration

In 2005, senior leadership from VETS and VR&E, including the then Assistant Secretary for VETS and Director for VR&E, met with the Subcommittee staff to discuss how the two agencies could better collaborate. As a result of that meeting, a new Memorandum of Agreement (MoA) between the Department of Labor (DoL) and VA was executed and three work groups were established. These three work groups subsequently were combined into a Joint Working Group (JWG).

The VA/DoL Joint Working Group (JWG)

The goal of the JWG is to improve the quality of employment services and job placements for veterans enrolled in VR&E programs.

DoL and VA leadership have taken an active role with the JWG. I have taken a personal interest in this issue and was involved in the three work groups and in the creation of the JWG. I take this cooperative effort very seriously.

The three work groups were established to execute the requirements of the MoA. VETS' participants have included one individual from each of our six regions and at least three individuals from the national office. The three work groups dealt with the following subjects:

- Performance Measures for Assessment of Partnership Program Results;
- Curriculum Design; and
- Joint Data Collection, Analysis, and Reports.

These groups made significant accomplishments; they:

- Facilitated a pilot program to identify and catalogue best practices from existing sites. This 1-year pilot involved eight locations nationwide.
- Developed roles and responsibilities for the major agencies involved in the VR&E process.
- Identified the major issues to providing shared data between the VA and DoL.
- Identified the joint training requirements for both DoL/VETS and VR&E employees involved in employment assistance at the VR&E locations.
- Developed a technical assistance guidance document that specified the roles and responsibilities and reporting requirements for both DoL/VETS and VR&E staff.

Both DoL and the VA subsequently published this technical assistance guidance document in December 2008.

As a result of the initiative to clearly identify roles and responsibilities, we have designated the outstationed DVOP position at the VR&E offices as an Intensive Service Coordinator (ISC). This designation, with new duty requirements, clearly differentiates the work required at VR&E sites from the roles of the DVOP at a One Stop Career Center. The ISC provides employment information to VR&E participants during their rehabilitation program, and refers them at the end of the program to DVOPs at One Stop Career Centers. The DVOPs at One Stop Career Centers then provide intensive services to referred participants to assist them in obtaining employment.

Besides working with Job-Ready veterans, the JWG also planned to involve DVOPs at the front end of VR&E process to help veterans determine local labor market information. This interaction was intended to facilitate the rehabilitation planning process by providing the veteran and the VR&E counselor with current data on salary and job outlook as well as increasing understanding of working conditions for specific occupations.

In December 2008, the end of the pilot program was marked by a webcast to all VR&E locations that initiated the implementation phase of this project.

In support of the technical assistance guidance, in 2009 VETS issued guidance that each State's JVSG Five Year Strategic Plan (FY 2010–2015) would include the outstationing of a DVOP specialist at each VR&E Regional Office. All States subsequently incorporated the ISC into their FY 2010 State plans.

Following this first year of implementation in 2010, VA and DoL will evaluate the program under the new guidance, and determine if changes are required to either the MoA or the technical assistance guidance.

Current Status of DOL Support to the VR&E Program

VETS continues to work to ensure that a DVOP is outstationed at each of the 57 VR&E Regional Offices. In some instances, the States, due to staffing allowances or traditional roles, still have assigned at a VR&E office a Local Veterans Employment Representative (LVER), fulfilling the role of an ISC. There is currently either a DVOP specialist or LVER outstationed at least half-time in 48 of the VA Regional Offices and in 19 satellite offices. This equates to 51.0 FTE DVOP and 4.0 FTE LVER for a total FTE of 55.0.

In FY 2010, 4,989 disabled veterans who completed VR&E were referred to the State Workforce Agencies for intensive employment services. Of these, 1,764 were placed into employment for a placement rate of 35 percent. This was at an average annual wage of \$37,800.

During the first quarter of FY 2011, 1,323 referrals were made to the State Workforce Agencies. We do not have final information on their outcomes at this point.

The VETS focus on serving disabled veterans who participate in the VE&E program remains of utmost importance to us. The ultimate goal in this VA/DoL partnership is successful job placement and adjustment to employment for disabled veterans without duplication, fragmentation, or delay in the services provided.

We are proud of our collaboration with the VA to increase employment opportunities for service-disabled veterans. That positive working relationship has also carried over into other initiatives and strengthened cooperation and coordination between VETS and our State workforce partners.

This concludes my statement and I would be happy to respond to any questions.

Prepared Statement of Ruth A. Fanning, Director, Vocational Rehabilitation and Employment Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs

Chairman Stutzman, Ranking Member Braley, and distinguished Members of the Subcommittee, thank you for inviting me to appear before you today to discuss the Department of Veterans Affairs Vocational Rehabilitation and Employment program. I am pleased to be accompanied by Ms. Iris Cooper, Associate Deputy Assistant Secretary for the Office of Acquisition, Logistics, and Construction. We look forward to continuing our strong collaboration and partnership with this Subcommittee, the full Committee, and the entire Congress as we work together to enhance the delivery of benefits and services to our Nation's veterans with disabilities.

Overview of the VR&E Program

The VR&E program is designed to assist disabled servicemembers in their transition to civilian life and suitable employment and careers. Our primary mission is to assist veterans with service-connected disabilities to prepare for and obtain suitable and sustainable employment through the provision of services individually tai-

lored to each veteran's needs. VR&E services begin with a comprehensive evaluation to help veterans identify and understand their interests, aptitudes, and transferable skills. Next, vocational exploration focuses veterans' potential career goals with labor-market demands. This allows veterans to participate in the development of a rehabilitation plan that builds on their transferable skills and ultimately assists them in achieving their career goals. To help veterans accomplish their rehabilitation goals, VR&E provides a broad range of employment services such as:

- Translation of military experience to civilian skill sets;
- Direct job-placement services;
- Short-term training to augment existing skills to increase employability (e.g., certification preparation tests and sponsorship of certification); and
- Long-term training including on-the-job training, apprenticeships, college training, or services that support self-employment.

In addition, VR&E provides extensive outreach and early intervention services through our Coming Home to Work (CHTW) program. Under this program, full-time VR&E rehabilitation counselors are assigned to 13 military treatment facilities to assist disabled servicemembers in planning for their next careers. We also have CHTW coordinators in every regional office working with Department of Defense (DoD) Warrior Transition Units and programs, coming home events, Guard and Reserve Yellow Ribbon events, and Post Deployment Health Reassessments.

VR&E Fiscal Year (FY) 2012 Budget

The FY 2012 budget request for VR&E supports 1,286 direct Full Time Employees (FTE), an increase of 132 FTE from the current 2010 level of 1,154. These additional resources will support a projected 15 percent increase in workload from FY 2010, and expand two very important programs.

- 110 employees are requested to increase VR&E's early intervention and outreach program in the joint VA/DoD Integrated Disability Evaluation System (IDES). VR&E rehabilitation counselors at the selected IDES sites will provide separating servicemembers with a mandatory initial counseling session, followed by continued vocational services for eligible servicemembers who elect to participate in the VR&E program. Initial meetings will inform servicemembers of the availability of benefits and services through the VR&E and other VA education programs. In many cases, this will allow training and preparatory services to begin while the servicemember is still in the IDES process.
- Nine additional FTE are requested to expand VA's VetSuccess on Campus initiative. This program, already in place at eight campuses, supports veteran-students in completing college and entering fulfilling careers. VR&E rehabilitation counselors and Vet Center counselors provide strong on-campus support systems that include counseling services, assistance in accessing VA benefits, help in overcoming barriers that may include physical or mental health issues, and assistance in connecting with other veteran-students.

In addition, the FY 2012 budget request supports modernization of the Disabled Transition Assistance Program (DTAP). Program content will be specifically tailored to servicemember and veteran audiences and DTAP will be deployed in multiple channels, making it readily accessible to servicemembers, veterans, and family members on a "just-in-time" basis.

The budget request also supports VR&E's ongoing transformation initiative to streamline and simplify our processes, speed veterans' entry into VR&E services, while freeing staff to focus on direct service delivery such as vocational counseling and job placement assistance versus time consuming administrative efforts.

VR&E Legislatively Mandated Studies

Public Law 110-389 required VA to conduct two studies; section 333 specified a study on the completion of VR&E services, and section 334 specified a 20-year longitudinal study of three veteran cohorts.

The Study of Measures to Assist and Encourage Veterans in Completing Vocational Rehabilitation (mandated by section 333), was completed and reported to Congress in April, 2010. VR&E has implemented or is in the process of implementing all six recommendations resulting from the study. These recommendations included satisfaction surveys of veterans who leave before completing their programs; provision of opportunities for counselors to develop skills that contribute to positive client relationships; active outreach regarding VR&E programs and services to veterans and their families; increased integration of vocational rehabilitation and other services, so that the main factors influencing program dropouts are addressed early;

studies to identify factors associated with program completion; and studies on financial incentives that promote program completion.

We did not request funding in FY 2010 or FY 2011 to conduct the longitudinal study, but VR&E Service completed preliminary analysis to establish the study protocol for data collection. Our FY 2012 budget request includes funding to support submission of full requirements of the FY 2012 longitudinal study. Although the longitudinal study required by section 334 was not funded in FY 2010 or FY 2011, VR&E Service is preparing a report for submission to Congress that will aggregate the limited data available for the first 2010 cohort group. VA expects to furnish it in July 2011.

Program Participation and Metrics

The VR&E program currently serves approximately 105,000 veterans through the VetSuccess program. Of that number, approximately 57,000 are engaged in rehabilitation plans leading toward employability for career outcomes that will be realized this year or over the next 5 years, depending on the program track and duration, as well as economic factors in the labor market. The remaining 48,000 veterans are in other phases of the program, such as evaluation and planning. Of those veterans who were provided a “track” of services and exited during FY 2010, 77 percent, or more than 10,000, were successfully rehabilitated last year.

We project participation to increase 5 percent (approximately 109,000) in FY 2011 and 10 percent (approximately 120,000) in FY 2012. These increases are based on the increase of compensable presumptive conditions, VR&E’s participation in the IDES process, and Congress’ recent changes to the Post-9/11 GI Bill (Chapter 33) that will allow VR&E participants who are eligible for Chapter 33 benefits to elect the higher Chapter 33 housing allowance. The veteran-to-counselor caseload ratio is 136 participants per counselor. With the anticipated workload and staffing increases, we expect the 2012 ratio to be similar.

Over the past three fiscal years, VR&E Service has placed a large focus on the independent living (IL) program, which serves those veterans who are unable to work due to significant disabilities. In fiscal year 2010, we developed 2,456 new IL plans, which are used to maximize veteran’s autonomy with activities of daily living at home and in their communities. Reductions in the number of IL plans in prior years are related to two primary factors. First, VR&E concentrated a significant amount of training to ensure the field is providing IL services consistent with regulatory requirements. Second, we focused training on services that are holistic in nature, incorporating both employment and IL services. These hybrid plans do not count toward the yearly cap of IL cases. In addition, as assistive technology continues to progress and new rehabilitation models allow veterans with more significant disabilities to enter the working world, we anticipate that hybrid rehabilitation plans that address both independent living and employment needs will continue to increase. VR&E’s objective is to assist service-disabled veterans enter the workforce so they can realize the corresponding positive impact on self-esteem and health resulting from their careers, and so that our Nation can benefit from their skills and contributions.

We anticipate that, as servicemembers continue to return with complex injuries, and Vietnam veterans with serious and progressive disabilities are awarded service-connection based on the new Agent Orange presumptive conditions, we will continue to focus additional attention on this critical VA program.

Contracting

After the National Acquisition Strategy (NAS) contracts ended in July 2009, VR&E applied lessons learned from those contracts into an interim contract solution for regional offices needing contract counseling services to augment the services provided by VA employees. Local regional office VR&E programs were assisted in awarding local “bridge” contracts until new VetSuccess contracts could be put into place. Currently we have 62 bridge contracts, overseen by 29 contracting officers. We also converted some contracting funds to support additional FTE in order to improve timeliness and quality. As we have previously discussed with Subcommittee staff, effective today, we are commencing the award of the new VetSuccess contracts. These new contracts standardize contracting procedures, including structured report templates, standardized referral processes and forms, and a new automated invoicing and invoice approval process.

Through cross-VA coordination and support from VBA field personnel; the Office of Acquisition, Logistics, and Construction (OALC); and the Office of General Counsel, we created a sound acquisition product, corresponding training, and a comprehensive post-award governance process to ensure continued oversight of contractors and appropriate administration by VR&E staff designated as contracting officer

representatives. New contractors will have a 90-day ramp-up period to finalize staffing, complete security background checks and required security training. OALC and VR&E will conduct a post-award conference with successful offerors to ensure a thorough understanding of all relevant contracting processes, contract terms and conditions, and roles and responsibilities for the successful execution of the contracts. Contract administration tasks will be delegated as appropriate to administrative contracting officers and contracting officer technical representatives. As part of the contract phase-in, the VA team will ensure contractor compliance with contract staffing and space requirements. This process enables VA to verify that contractors have the capability to deliver quality services to veterans, in a timely manner.

Coordination with Rehabilitation Partners

VA coordinates with rehabilitation partners around the country—including with colleges and universities, the Department of Education (particularly the Rehabilitation Services Administration), the Department of Labor, the Office of Personnel Management, DoD Wounded Warrior Programs, and Veterans Service Organizations. The Department of Education's Veterans Upward Bound program provides many important services to veterans preparing to reenter college, including assessment of academic skills, refresher courses, assistance in completing college admission forms, personal academic advice and career counseling, assistance in completing financial aid and scholarship applications, tutoring and mentoring, and referrals to other community agencies serving veterans. Similarly, the Department of Education's Center for Excellence for Veteran Student Success program provides grant funds to colleges to encourage model programs to support veteran-student success in post-secondary education. These programs coordinate services to address the academic, financial, physical, and social needs of veteran-students and are strong complements to the VA's VetSuccess on Campus program. We will continue to work collaboratively with the Department of Education to ensure that assistance is coordinated and any overlap of services minimized.

Business Process Reengineering Project

VR&E Service recently launched a transformation project geared to make our VetSuccess program the premier 21st Century Vocational Rehabilitation and Employment program. In 2004, a VR&E Task Force report provided 110 recommendations to improve operations and service delivery. VR&E Service implemented 100 of the 2004 VR&E Taskforce recommendations. In the 7 years since this Task Force report, VA has identified other significant opportunities to enhance service to Veterans. VR&E's current transformation effort focuses on modernizing and streamlining services using a veteran-centric approach.

VR&E's transformative changes include allowing veterans more choice in their appointment scheduling through automated scheduling, and expediting the veteran's entry into a rehabilitation program by streamlining and expediting the evaluation and planning process through reduction of bureaucratic processes and paperwork performed by VR&E counselors. Additional improvements include developing a case-load and staffing model and additional performance metrics for oversight and administration of the VR&E program. Next month VR&E is releasing a Knowledge Management Portal to simplify counselors' access to regulations, guidance, and other policy information needed to perform their jobs. And finally, VR&E is developing methods and business rules to move into a paperless processing model that incorporates self-service.

Working in collaboration with VA's Innovation Initiative (VAi2), VR&E Service is also engaged in innovative initiatives to build self-employment incubators and tools, leading to more veteran-owned businesses; self-management that will allow the most seriously disabled veterans to work in the career of their choosing and live as independently as possible; and developing a VA employee innovation competition to allow the staff working every day with our veterans to identify additional program enhancements. Important partners in the self-employment innovation have included the Small Business Administration and VA's Office of Small and Disadvantaged Business Utilization.

Another extremely important initiative is the enhancement of the VetSuccess.gov Web site to provide a one-stop resource for veterans and family members for services during transition, campus life, job search, and careers, as well as assistance to maximize independence in their homes and communities. The Web site includes a job board for employers desiring to hire veterans, resume builders and upload tools that allow veterans to utilize resumes already developed, military-to-civilian jobs translator, aggregator tools for employers seeking certain skill sets and for veterans seeking specific jobs, and a feedback mechanism to self-report employment gained through the site. The job-board feature of VetSuccess.gov currently connects over

60,000 veterans with over 1,300 employers. Veterans also have access through the Direct Employers Job Central career board to over 4 million jobs, with additional links to Simply Hired, Indeed, and Google. Future enhancements to the site will include self-assessment tools and interactive maps that drill down to resources in the veteran's community.

Conclusion

VA will continue to seek new and innovative ways to assist veterans in achieving their goals for full, productive, and meaningful lives. Our focus is on helping veterans build upon the excellent skills gained through their military service, while streamlining and enhancing our services. VA will continue to work with all sectors of Government and private and public employment communities to assist veterans in reaching their highest potential in this challenging economy.

Chairman Stutzman, Ranking Member Braley, and distinguished Members of the Subcommittee, this concludes my statement. Thank you again for the opportunity to testify. I will be happy to respond to any questions from you or other Members of the Subcommittee.

Statement of Hon. Jeff Denham, a Representative in Congress from the State of California

Thank you, Chairman Stutzman, and Ranking Member Braley for having this hearing today. I also want to thank our two panels who are here today to testify before our Subcommittee. Thank you for your time.

The Vocational Rehabilitation and Employment (VR&E) Service is a crucial service for our veterans. Not only does the VR&E help place them in jobs when they return home, but they work to help rehabilitate our veterans who sustained wounds and impairments during service. Often times these wounds and impairments are life-altering. In addition there is the VetSuccess program that offers services to veterans so that they can live as independently as possible despite their severe service-connected disabilities.

The resources that we provide our veterans through the VR&E are not only necessary, but crucial to ensure that they are able to reintegrate back into civilian life. The impacts of War on a veteran are damaging and can be everlasting. The post deployment transition is nothing short of difficult, and can be greatly exacerbated when a servicemember comes back from war with a service sustained injury or disability. We have a duty in this Committee to make sure that we meet the needs of our veterans through the VR&E program and that we do it right.

We must make sure that the veterans who are eligible to receive the services of the VR&E are actually receiving these services and that they are effective. The Department of Labor stated that in FY 2010 of the 4,989 disabled veterans who completed the VR&E program and who were referred to the State Workforce Agencies, only 35 percent were placed into employment. This is not acceptable. The VR&E program must be improved to further our efforts to help veterans find jobs and to ensure they placed in jobs.

In addition, we must work to make sure that the VR&E system is running effectively. With an increase in servicemembers returning home from Iraq and Afghanistan, we must make sure that we have the infrastructure to provide our VR&E services to these men and women. In order to meet the upcoming demands on the VR&E program, the efficiency of the program need to be improved. Our veterans cannot have VA counselors tied up by filing paperwork instead of helping place them in jobs. The VR&E system cannot become backlogged like our disability claims are.

The VR&E program is a crucial program for the success and future of our veterans. I look forward to working with my fellow members of this Committee to continue to improve the VR&E program and ensure its success for our veterans. And with that, I yield back.

MATERIAL SUBMITTED FOR THE RECORD

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
April 4, 2011

Ms. Heather L. Ansley, Esq., MSW
Director of Veterans Policy
VetsFirst
1660 L Street, NW, Suite 504
Washington, DC 20036

Dear Ms. Ansley:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity *Oversight Hearing on the VA's Vocational Rehabilitation and Employment (VR&E) Program Budget and VR&E National Counseling Contract* on March 31, 2011. Please answer the enclosed hearing questions and deliverables by no later than Monday, May 16, 2011.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 225-9756.

Sincerely,

Bruce L. Braley
Ranking Member

JL/ot

VetsFirst, a Program of United Spinal Association
Washington, DC.
May 12, 2011

The Honorable Marlin Stutzman
Chairman
Subcommittee on Economic Opportunity
House Committee on Veterans' Affairs
Washington, DC 20515

The Honorable Bruce Braley
Ranking Member
Subcommittee on Economic Opportunity
House Committee on Veterans' Affairs
Washington, DC 20515

Dear Chairman Stutzman and Ranking Member Braley:

Thank you for the opportunity to testify before the House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity regarding our views concerning the budget and performance of the Department of Veterans Affairs' Vocational Rehabilitation and Employment Services program.

In response to your request, enclosed are responses to the questions received for the record.

If you have any questions, please contact Heather Ansley, Director of Veterans Policy, at (202) 556-2076, ext. 7702 or by e-mail at hansley@vetsfirst.org.

Sincerely,

Heather L. Ansley, Esq., MSW
Director of Veterans Policy

Question 1: Do you have any concerns regarding how the VR&E program defines and classifies a participant?

Response: VetsFirst believes that the Department of Veterans Affairs' Vocational Rehabilitation and Employment (VR&E) program must define and classify participants in the VR&E program to include veterans who stop participating in the program. In order to determine whether the program is adequately meeting the needs of veterans, VR&E must accurately assess who is participating in and benefiting from the program. Including veterans who participate in the program but subsequently drop out is a better measure of the program's success rate.

An accurate measure of participants would provide VR&E program staff and Congress with the information necessary to determine whether current programs are functioning appropriately. A proper accounting of participants would also assist in the determination of whether additional resources are needed to help VR&E better meet the needs of veterans with disabilities.

Question 2: In addition to counselors, what other types of employees does VR&E need?

Response: Although the VR&E program has received an increased allocation of employees in recent years, VR&E continues to need additional employees to effectively perform its mission. VetsFirst supports the staffing recommendations detailed by the Independent Budget for the Department of Veterans Affairs for Fiscal Year 2012. Specifically, in addition to an increased number of counselors, VR&E requires additional personnel to oversee and manage contract counselors and rehabilitation and employment service providers.

Also, VetsFirst supports VR&E's college campus initiative, "Veteran Success on Campus." VetsFirst believes that this initiative should be expanded to additional college campuses to ensure that veterans receive the support needed to successfully complete their education, which will provide the skills these veterans need to obtain appropriate employment. Thus, the VR&E program must receive additional staff to appropriately expand this initiative.

Question 3: In your opinion, has the arbitrary timeline of 12 years for eligibility and the caps for independent living impacted veterans?

Response: VetsFirst believes that the mere existence of the arbitrary timeline for eligibility for participation and the placement of caps for independent living services negatively impacts veterans. Services that assist veterans with disabilities related to their service and are designed to promote independence and self-sufficiency should be made available as needed. With regard to the cap for independent living services, in particular, VR&E must not be hindered in assisting veterans who can benefit from those services because they are vital to community and family reintegration.

Question 4: If VA has never exceeded the independent living cap why should it be removed?

Response: Veterans who have significant disabilities related to their service must have the opportunity to learn the independent living skills that will help them to live in their homes and communities. VetsFirst believes that services that support veterans reintegrating into their communities should be fully promoted and financially supported. Independent living skills are vital to helping veterans with disabilities develop new perspectives on how to successfully navigate their homes and communities after acquiring a disability.

Furthermore, as stated in VetsFirst's written testimony, caps may lead to delayed entry for some eligible veterans until the next fiscal year when additional slots are available. Removal of the cap will ensure that services are available as needed and eliminate any negative consequences associated with it. Regardless, any argument against removing the cap because it has never been exceeded is false because if there are no unmet needs, then removing the cap should not result in any unintended consequences.

Question 5: How much money can VA spend to help a veteran start a business for self-employment?

Response: According to VR&E program staff, there is no cost limit for the amount of funding that VA can provide to assist an eligible veteran start a business for the purposes of self-employment. The Code of Federal Regulations discusses cost in the context of differing levels of approval based on the cost associated with a veteran's self-employment plan. Specifically, 38 CFR § 21.258 states that, "Any self-employment plan with an estimated or actual cost of \$25,000 or more must be ap-

proved by the Director, VR&E Service.” Before determining whether any funds should be expended, VR&E determines whether in view of a veteran’s level of disability, the goal of self-employment is realistic and economically viable.

Question 6: How can VA best anticipate the demands for tomorrow’s workplace?

Response: VetsFirst believes that VA’s VR&E program must prepare veterans with disabilities, particularly those with severe disabilities, for long-term career success. Consequently, VR&E program staff must be aware of employment trends and emerging career fields to ensure that veterans are fully aware of the best areas for long-term career growth. This includes changing market places, trends in telework, and other evolutions that may be particularly important to these veterans as people with disabilities.

In order to ensure that these veterans have the tools they need to succeed, VR&E must also be able to perform critical follow up with veterans who have been successfully rehabilitated. Remaining abreast of the conditions these veterans are facing in the workforce, particularly with regard to the barriers faced due to disability, the VR&E program can be continually modified to ensure that new participants are staying on the cutting edge of success. This is particularly critical for veterans who face significant barriers to employment due to disability and workplace misperceptions about the abilities of people who have disabilities due to hearing or vision loss, post-traumatic stress disorder, traumatic brain injury, and paralysis.

Question 7: Is there a difference in VR&E completion rates between men and women?

Response: According to VR&E program staff, female participants comprised approximately 19 percent of the participants in all VR&E programs for fiscal year 2010. Specifically, VR&E reports that 22,135 female veterans were participants in all VR&E programs during that time period as compared with 94,995 male veterans. The number of female veterans who VR&E considers to have entered rehabilitated status during fiscal year 2010 was 2,096 versus 7,942 male veterans. Thus, female veterans comprised nearly 21 percent of all veterans who entered rehabilitated status for fiscal year 2010.

Committee on Veterans’ Affairs
Subcommittee on Economic Opportunity
Washington, DC.
April 4, 2011

Mr. John L. Wilson
Assistant National Legislative Director
Disabled American Veterans
807 Maine Avenue, SW
Washington, DC 20024

Dear Mr. Wilson:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans’ Affairs Subcommittee on Economic Opportunity *Oversight Hearing on the VA’s Vocational Rehabilitation and Employment (VR&E) Program Budget and VR&E National Counseling Contract* on March 31, 2011. Please answer the enclosed hearing questions and deliverables by no later than Monday, May 16, 2011.

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Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225–2034. If you have any questions, please call (202) 225–9756.

Sincerely,

Bruce L. Braley
Ranking Member

JL/ot

**Post-Hearing Questions for John Wilson,
Assistant National Legislative Director of The Disabled American Veterans
Following the March 31, 2011 Hearing of Committee on Veterans' Affairs
Subcommittee on Economic Opportunity.
U.S. House of Representatives**

Question 1: Do you have any concerns regarding how the VR&E program defines and classifies a participant?

Response: To participate in the Department of Veteran Affairs (VA) Vocational Rehabilitation and Employment (VR&E) programs, applicants must meet certain specific criteria. A veteran must have received, or will eventually receive, an honorable or other than dishonorable discharge, have a service-connected disability of at least 10 percent, need vocational rehabilitation to overcome an employment handicap and apply for vocational rehabilitation services. DAV is not aware of any concerns regarding how VR&E defines and classifies participants' eligibility in order to receive assistance.

Our concern is with the manner in which VR&E Service defines and classifies its participant rehabilitation rates. Counting individuals who receive services from VR&E but decide to discontinue the program and those who participate in the Independent Living Program would seem to inflate the actual success rate of those considered "fully rehabilitated." Our concern is in line with the General Accountability Office's report from January 2009, *VA Vocational Rehabilitation and Employment Program*, which noted:

For example, VA reported an overall rehabilitation rate of 76 percent for fiscal year 2008. However, when we computed the rates for each group separately, we found that 73 percent of veterans seeking employment were successful and 92 percent of veterans seeking independent living were successful.¹

A refining of statistical information that provides separate metrics for those who are fully rehabilitated, those who leave the program early, and those participating in the Independent Living Program would enhance the ability of Congress and others to better determine the effectiveness of those services and foster greater confidence in policy changes or the need for additional funding.

Additionally, the current period of eligibility for VR&E benefits of 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 must be modified. Unfortunately, many veterans do not avail themselves of these benefits because they do not understand them or they only seek them later in life when their disabilities create an employment barrier and would benefit from VR&E services. Unfortunately, this later application is often well beyond the 12-year delimiting date. If eligibility for this benefit were open ended, then veterans would be able to access it on a needs basis over their employable lifetimes. In accordance with DAV Resolution 303, we urge Congress to change the eligibility delimiting date for VR&E services by eliminating the 12-year eligibility period for chapter 31 benefits.

Question 2: Has the placement of Intensive Service Coordinator by DoL in VR&E sites been effective for participants during their rehabilitation?

Response: The Department of Labor (DoL) has placed Intensive Service Coordinators (ISCs), on a full or part-time basis, at each of the 57 VA Regional Offices (VAROs) to further assist veterans in finding and maintaining suitable employment. We are unaware of any comprehensive assessments to determine the effectiveness of this collaboration beyond a September 2007 GAO report, *Disabled Veterans' Employment: Additional Planning, Monitoring, and Data Collection Efforts Would Improve Assistance*.² In this report, GAO visited state workforce agencies in Alabama, California, Illinois, Michigan and South Dakota. They met with VA and DoL staff, state workforce agency officials, and program participants and toured job resource labs and one-stop career centers. Based on this research, they noted:

In all five states, we were told that staff evaluations contained a general category related to teamwork or cooperation, but did not include specific performance measures to evaluate DVOP specialists and VA staff on the effectiveness of their partnership activities. In one state, workforce agency managers told us

¹ General Accountability Office, *VA Vocational Rehabilitation and Employment Program*, January 2009, GAO-09-34, page 4.

² GAO report entitled "Disabled Veterans' Employment: Additional Planning, Monitoring, and Data Collection Efforts Would Improve Assistance," September 12, 2007, GAO-07-1020.

that they were considering implementing specific performance measures related to the effectiveness of partnership activities.³

As VA's VR&E and DoL's VETS continue in their efforts to enhance delivery of services, DAV recommends that both organizations make every effort to ensure specific performance measures are established to evaluate the effectiveness of placement of DVOP specialist within VAROs. Once in place, greater insight into the success of this collaboration between DoL and VA would be available to Congress.

Question 3: Is the VA doing enough for medical and psychological rehabilitation to help disabled veterans become gainfully employed?

Response: In the context of this hearing on the VR&E Service's fiscal year 2012 budget, vocational counselors are not assigned the role of monitoring a veterans' health care treatment regimen while they go through the VR&E program. VR&E instead focuses on the goal of helping find gainful employment for veterans who have a service-connected disability rating of at least 10 percent and a serious employment handicap. While they work closely with veterans on this goal, an inquiry of several contacts in VAROs confirmed that their vocational counselors do not generally monitor veterans' health care treatments unless it is directly related to their employability. There may be circumstances where clients inform their counselors of their health concerns and treatment regimens, but this is on an individual basis and does not seem to be typical.

Vocational counselors interest and monitoring of health care treatment related to a veterans employability is in accordance with title 38, Section 21.240, *Medical treatment, care and services*, which states, "A Chapter 31 participant shall be furnished medical treatment, care and services which VA determines are necessary to develop, carry out and complete the veteran's rehabilitation plan. The provision of such services is a part of the veteran's entitlement to benefits and services under Chapter 31, and is limited to the period or periods in which the veteran is a Chapter 31 participant. (Authority: 38 U.S.C. 1504, 3107)." Examples of this care include prosthetic appliances, eyeglasses, and other corrective and assistive devices, as well as treatment, care, and services described in 38 U.S.C. 3104, chapter 17.

There is currently no provision for VR&E Service to track a veteran's health care regimen beyond that which impacts employability. It is our understanding however that VR&E does offer joint training to their staffs as well as their state vocational rehabilitation partners on Traumatic Brain Injury, Post-Traumatic Stress Disorder and other veteran-specific disability issues in an effort to improve cross-agency coordination of rehabilitation and employment assistance.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
April 4, 2011

Mr. Richard C. Daley
Associate Legislation Director
Paralyzed Veterans of America
801 18th Street, NW
Washington, DC 20006

Dear Mr. Daley:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity *Oversight Hearing on the VA's Vocational Rehabilitation and Employment (VR&E) Program Budget and VR&E National Counseling Contract* on March 31, 2011. Please answer the enclosed hearing questions and deliverables by no later than Monday, May 16, 2011.

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³ Ibid, page 17.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 225-9756.

Sincerely,

Bruce L. Braley
Ranking Member

JL/ot

Paralyzed Veterans of America
Washington, DC.
May 13, 2011

Honorable Bruce L. Braley
Ranking Member
House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
335 Cannon House Office Building
Washington, DC 20515

Dear Congressman Braley:

On behalf of Paralyzed Veterans of America (PVA), I would like to thank you for the opportunity to present our views during the Subcommittee's oversight hearing on the VA's Vocational Rehabilitation and Employment Program, March 31, 2011. We are pleased that the Subcommittee continues to focus on these issues that are important to Paralyzed Veterans of America's members, veterans with disabilities, and all the men and women that have honorably served their nation.

We have included with our letter a response to each of the questions that you presented following the hearing on March 31, 2011. Thank you very much.

Sincerely,

Rich Daley
Associate Legislation Director

**Questions for the Record for the House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity**

**From Hearing on March 31, 2011
VA's Vocational Rehabilitation and Employment (VR&E) Program**

Question 1: In your opinion, has the 12 year timeline of eligibility had a negative impact on veterans?

Response: In my opinion the 12 year timeline should be eliminated. Some seriously injured veterans, such as spinal cord injured, may take three to 4 years or more with rehabilitation and physical therapy to begin to realize that there are options for the veteran to participate in life activities which can include reentering the work place. Over time with therapy from the VA the veteran may relearn to drive an adapted vehicle, or obtain a vehicle for someone else to transport them to activities or appointments. During these years their eligibility period is elapsing. PVA has found that many seriously injured veterans become interested in seeking employment after the 12 year period. This timeline should be eliminated. We believe that the 48 months maximum of VR&E participation is limit enough, so there should be no timeline.

Question 2: Do you believe that VR&E has too many reports?

Response: This would be the conclusion one could draw from testimony on VR&E's performance over the last 10 years. The verbal and written testimony presented at these hearings reveal that VR&E staff has too many reports that are mandatory for the professional staff while the disabled veteran waits for services.

The issue of two many reports is also supported by experienced counselors that have been employed by the VA's VR&E program. Along with too many reports these former employees discussed the issue of the duplication or redundancy of many reports that are required. Time consumed working on reports reduces the amount of valuable time to work with the disabled veterans.

Question 3: Can you share with this Committee the name and contact information of the veteran that was expelled from VR&E for punctuality?

Response: Due to privacy concerns we cannot share this information.

Question 4: What are some shortcomings you have seen from contractors?

Response: My knowledge of contractors' performance issues would be from past House and Senate Committees on Veterans Affairs oversight hearings on VR&E, GAO reports on VR&E, and information from PVA's service officers and information from other veterans' service organizations.

PVA would prefer that VA trained and employed counselors could provide VR&E counseling and assistance to all veterans that may require this help. Within today's budget constraints the VA must rely on using contract counseling to provide service in remote areas and in situations where the workload has expanded beyond the capacities of the existing VA staff. Although we would prefer a VA trained and qualified VA staff person to work with disabled veterans at this time we must accept this alternative. Past problems such as inconsistency in contract performance requirements and inconsistency in the pricing of services performed is being addressed by the VA Central Office. The VA regional offices must conduct regular oversight of the contracted service providers to ensure that every veteran is receiving the quality help and guidance they require. In the past we know that in some geographic areas the veteran would receive limited services such as testing and evaluating work readiness of the veteran, but the contract requirements stopped at that point. There was no further employment assistance or guidance. In these situations the veteran only received part of the needed services. Regional offices must receive regular training in contracting services to non VA providers to insure consistency along with efficiency in the procurement of these services. VR&E must maintain its responsibility to the veterans it serves by monitoring the quality and impact of vocational rehabilitation services delivered by non VA agencies.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
April 4, 2011

Mr. John M. McWilliam
Deputy Assistant Secretary for Operations and Management
Veterans' Employment and Training Service
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Dear Mr. McWilliam:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity *Oversight Hearing on the VA's Vocational Rehabilitation and Employment (VR&E) Program Budget and VR&E National Counseling Contract* on March 31, 2011. Please answer the enclosed hearing questions and deliverables by no later than Monday, May 16, 2011.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 225-9756.

Sincerely,

Bruce L. Braley
Ranking Member

JL/ot

U.S. Department of Labor
Office of the Assistant Secretary for
Congressional and Intergovernmental Affairs
Washington, DC.

The Honorable Bruce Braley
Ranking Member
Subcommittee on Economic Opportunity
Committee on Veterans' Affairs
U.S. House of Representatives
333 Cannon House Office Building
Washington, DC 20515

Dear Ranking Member Braley:

Thank you for the opportunity to respond to additional questions from your hearing entitled, "*U.S. Department of Affairs Vocational Rehabilitation and Employment (VR&E), Program Budget and VR&E National Counseling Contract*," on March 31, 2011 in which the Veterans' Employment and Training Service (VETS) testified. Enclosed, we have restated the questions in their entirety and provided the respective answers.

If you have further questions, please call Margaret Cantrell at (202) 693-4600.

Sincerely,

Brian V. Kennedy
Assistant Secretary for Congressional and Intergovernmental Affairs

Enclosures

**Veterans' Employment and Training Service,
U.S. Department of Labor
Responses to Questions for the Record from the
U.S. House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity**

March 31, 2011

**Hearing on "Vocational Rehabilitation and Employment (VR&E) Program
Budget and VR&E National Counseling Contract"**

Ranking Member Braley

Question 1: Can you explain how you determine your placement rate?

Response: The placement rate is calculated as the number of Vocational Rehabilitation and Employment (VR&E) participants placed into employment by the State Workforce Agencies (SWA) divided by the number of participants referred to the SWA.

The SWAs place participants into employment through services provided by Disabled Veterans' Outreach Program specialists (DVOPs) at the One-Stop Career Centers. Participants are referred to the SWAs when they are determined by their VR&E counselor as job ready and are available for employment.

Question 2: In your written testimony, you mentioned that three work groups established in response to the Memorandum of Agreement between DoL and VA to help identify major issues with sharing data between VA and DoL. What issues were identified? a) How are these issues being resolved?

Response: As background, in November of 2009, VETS began using a revised data collection form for Vocational Rehabilitation and Employment (VR&E) participant information. The data collected through the application of this approved form is shared with the Veteran Affairs (VA) VR&E Joint Work Group (JWG) members.

In June of 2010, VETS facilitated a conference that included participation by the Intensive Service Coordinators (ISCs) from the State Workforce Agencies, select staff members from VA VR&E, and VETS' field staff. The conference focused on the requirements of the participant data collection form and the importance of common data definitions.

After collecting participant data from 58 VR&E sites in Fiscal Year (FY) 2010, the JWG identified inconsistencies on the use of some closure codes used within the data collection form, which tracks the level of participant rehabilitation and employment success. To resolve these inconsistencies in reporting, the JWG is working to-

gether to develop, expand, and clarify the closure codes used to measure VR&E participants' level of rehabilitation and employment success.

Question 3: VA states that they expect a 5 percent participation increase next year. What percent increase is VETS expecting for the next year?

Response: VETS assumes that the ratio of referrals to participants will remain the same next year as it has been in recent years. Therefore, if the VR&E participation increases by 5 percent next year, VETS would anticipate a corresponding increase of 5 percent in the number of referrals from the VA VR&E program for the coming year.

Question 4: What have been the main obstacles that veterans have faced in employment placement?

Response: In FY 2009 and FY 2010, the principal obstacle faced by veterans, as well as all job seekers, has been the reduction in job openings that resulted from employers' response to the recent recession. However, our programs are aimed at giving veterans the best chance possible for reemployment by ensuring that employers are aware of the benefits of hiring a veteran and helping veterans translate their military skills into skills for civilian jobs.

Question 5: In your written testimony, you mentioned that the Intensive Service Coordinators refer VR&E participants to services at the end of the program. Why can't the Intensive Service Coordinators begin providing intensive services to VR&E participants before they finish the program to expedite services?

Response: The Intensive Services Coordinators (ISCs) do provide services to participants throughout the participant's VR&E program. The services mentioned in the testimony refer to the actual referral to a Disabled Veterans' Outreach Program (DVOP) in the OSCC. In December 2008, VETS and the VA jointly published a Technical Assistance Guidance, which requires those VR&E participants considered by their VA counselor as "Job Ready" are to be referred to the ISC sixty days prior to completion of their training program. Job Ready refers to those participants who are determined by their counselor to be ready, willing, and able to participate in job development activities. This allows DVOP specialists to start working with VR&E participants prior to the completion of their training.

Additionally, VETS is collecting data on those veterans who are referred to the ISC at the very beginning of their participation in VR&E, so that they can receive labor market information in conjunction with the development of their training plans. This is intended to improve veterans' chances of obtaining suitable employment in an occupation that is projected to experience future growth.

Question 6: What type of employment are disabled veterans who have completed VR&E generally placed in?

Response: For FY 2010, VA VR&E data indicate that over three-fourths of the disabled veterans who enter employment after completing services covered under title 38 USC Chapter 31 are placed in professional, technical and managerial occupations, and that over half of the disabled veterans who enter employment are placed in occupations in the private sector. Chapter 31 is intended to provide for all services and assistance necessary to enable veterans with service-connected disabilities to achieve maximum independence in daily living and, to the maximum extent feasible, to become employable and to obtain and maintain suitable employment.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
April 4, 2011

Ms. Ruth A. Fanning
Director Vocational Rehabilitation and Employment Service
Veterans Benefits Administration
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

Dear Ms. Fanning:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Sub-

committee on Economic Opportunity *Oversight Hearing on the VA's Vocational Rehabilitation and Employment (VR&E) Program Budget and VR&E National Counseling Contract* on March 31, 2011. Please answer the enclosed hearing questions and deliverables by no later than Monday, May 16, 2011.

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Sincerely,

Bruce L. Braley
Ranking Member

JL/ot

Questions for the Record

**The Honorable Bruce Braley, Ranking Member
House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
"VA's Vocational Rehabilitation and Employment (VR&E) Program
Budget and VR&E National Counseling Contract"**

March 31, 2011

Question 1: VSOs have expressed concern over the inconsistent interpretation of regulations across VA. Is this a concern for you and is it being addressed?

Response: VR&E Service believes that regulations should be clearly written and easily understood by all employees and stakeholders. To ensure this, VR&E provides a comprehensive training program. VR&E has formed a workgroup with the Office of General Counsel to address any existing lack of clarity or inconsistency in regulations governing our program.

VR&E is currently drafting regulations to implement new legislation and address emergent issues, including:

- Implementation of Public Law 111-377 (Post-9/11 Veterans Educational Assistance Improvement Act of 2010), which provides for election of housing allowance in lieu of subsistence allowance and eliminates interval pay; and
- Defining rules for establishing rate of pursuit for subsistence allowance in programs combining academic training with non-paid work experience training.

VR&E is also conducting a comprehensive review and revision of the Code of Federal Regulations Part 21, Subpart A. VR&E-related regulations will be re-written to increase the use of plain language and improve benefits service delivery. Some of the topics that have been identified for revision include:

- Updates to travel reimbursements under Chapter 31,
- Incorporation of flight-training rules into Chapter 31 regulations,
- Medical services for Chapter 31 participants, and
- Employment services for previous participants of rehabilitation programs.

Question 2: In the hybrid rehabilitation plans that have been done, can you tell us how many hours per day veterans are working?

Response: VR&E focuses on services that are holistic in nature, incorporating both employment and independent living (IL) services as needed rather than a predefined number of hours. Services are geared toward an employment goal and also address identified IL needs. Thus, VR&E does not track veteran work hours per day as a reporting statistic.

Veterans participating in hybrid plans often require training to acquire the skills necessary for suitable employment. When veterans complete their training and become ready for employment, they are assisted in maximizing their potential for their return to the workplace. Veterans may work full or part-time depending on their

capabilities and specific preferences; however, the goal of hybrid plans is for veterans to enter full-time competitive employment.

Question 3: The expansion to the Integrated Disability Evaluation System (IDES) Program that will include a component on VR&E services for those active duty servicemembers transitioning through the IDES will require an additional 110 FTE to support. The budget has requested \$16.2 million to cover this increase. Given the big plan to expand IDES to all Military Treatment Facilities by the end of FY 2011, do you believe the additional 110 FTE is enough to meet the demand?

Response: In FY 2011, VR&E will provide transition services to active duty servicemembers at four military installations. VR&E Service is collaborating with DoD for implementation at these four facilities. The additional 110 FTE will allow VR&E to aggressively stand up IDES services at many additional sites by the end of FY 2012, but will not fully support all sites during this initial phase. Staffing levels will be reassessed in FY 2012 to ensure VR&E can support the needs of servicemembers transitioning through IDES.

Question 4: According to a recent CRS report titled, “Veterans’ Benefits: The Vocational Rehabilitation and Employment Program” approximately 25,000 active duty servicemembers are found “not fit for duty” due to medical conditions that may qualify them for a VA disability rating and VR&E Services. How many veterans apply to VR&E yearly?

Response: Over the past three fiscal years, VR&E received an average of 72,215 applications annually. Below is a breakdown of the number of applications received for the past three fiscal years:

- FY 2010–69,570
- FY 2009–78,127
- FY 2008–68,948

Question 4(a): What may prevent all 25,000 from applying to VR&E services?

Response: VR&E is not a mandatory program. Veterans may elect to immediately enter employment, utilize VA education benefits, or to take time to decompress following active duty service. To ensure all servicemembers and veterans are aware of benefits to which they are entitled, VR&E has placed more emphasis on outreach activities. VR&E provides extensive outreach and early intervention services through the Coming Home to Work (CHTW) program. Under this program, full-time VR&E rehabilitation counselors are assigned to 13 military treatment facilities to assist disabled servicemembers in planning for their next careers. VR&E also has CHTW coordinators working with the network of Warrior Transition Units, participating in coming-home events, and providing outreach at Guard and Reserve Yellow Ribbon events, Post Deployment Health Reassessments, and DTAP sessions.

VR&E rehabilitation counselors at selected IDES sites provide separating servicemembers with a mandatory initial counseling session, followed by continued vocational services for servicemembers that elect to participate in the VR&E program. Initial meetings will inform servicemembers of the availability of benefits and services through the VR&E and VA education programs. In many cases, this allows training and preparatory services to begin while the servicemember is still in the IDES process.

VR&E Service is also modernizing the Disabled Transition Assistance Program (DTAP) to tailor program content to servicemember and veteran audiences. DTAP will be available in multiple channels, making it readily accessible to servicemembers, veterans, and family members on a “just-in-time” basis.

Question 5: How many Full-Time Vocational Rehabilitation Counselors and Part-Time Vet Center Outreach Coordinators are there at each VetSuccess on Campus site?

Response: There are seven VetSuccess on Campus counselors and seven Vet Center Coordinators for the eight VetSuccess on Campus locations. The VetSuccess on Campus counselor in Rhode Island is responsible for providing services at two college campuses.

Question 6: How much money can VA spend to help a veteran start a business?

Response: Services are based on a realistic self-employment goal, economic viability, and severity of the veteran’s service-connected disability. There is no cost limit. However, there are specific approval requirements for costs exceeding \$25,000.

In addition, VA's Office of Small and Disadvantaged Business Utilization (OSDBU) and its Center for Veterans Enterprise (CVE) provide technical business assistance, coaching support, and referrals to local non-VA resources, such as the Small Business Administration, Small Business Development Centers (SBDCs), Procurement Technical Assistance Centers (PTACs), or Veterans Business Outreach Centers (VBOCs). OSDBU and CVE can refer entrepreneurs for assistance on developing business plans, information on business loans, and advice on contracting with Federal agencies where appropriate. CVE works with the service-disabled veterans to ensure they are also working with a VR&E counselor. OSDBU costs would be included within program administration costs and not as part of a discrete cost (e.g., costs to counsel a veteran entrepreneur on the phone would be covered by the salary cost of the staff person providing the counseling). SBA costs would be covered by its own appropriations. Technical assistance centers such as SBDCs and PTACs are grantees and the costs of counseling would be covered by their grants.

Question 6(a): In the past what have these start-up enterprises consisted of and are any still in business today?

Response: Start-up enterprises vary based on the individual veteran's needs. Below are a few examples for which VR&E has provided self-employment funding:

- Law Firm;
- Carpenter Shop;
- Automotive Repairs and Sales;
- Medical Billing;
- Winter Sports Equipment Shops;
- Printing Shops;
- Restaurants; and
- Barber Shops.

To ensure that the veteran meets the objectives of the self-employment goal, resources may be provided for:

- Equipment, inventory, and supplies,
- Training necessary to own and operate a successful business, and
- Licenses and permits.

VR&E counselors provide follow-up services to self-employed veterans for at least 1 year after the start-up of the business. However, once the counselor determines that the veteran's business is successful and meets the criteria for successful closure as "rehabilitated," no further follow up occurs. Therefore, information on the number of veteran enterprises currently in business is not available.

As mentioned in testimony, VR&E places great emphasis on assisting veterans with business start-up through business incubator, on-line resources, and business coaches. VR&E also provides extensive training and ancillary services through partnerships with the Center for Veterans Enterprise, the Small Business Administration, the Department of Labor, and SCORE.

OSDBU and CVE can refer entrepreneurs for assistance on developing business plans, information on business loans, and advice on contracting with Federal agencies where appropriate. CVE works with the service-disabled veterans to ensure they are also working with a VR&E counselor.

Question 7: When the National Counseling Contract is completed what percent of work will be done by VA employees versus non-VA employees?

Response: VetSuccess contracts are indefinite delivery/indefinite quantity agreements that allow regional offices to procure contracting services as needed to supplement services provided by VR&E professionals. The VR&E program's workload is comprised of 107,000 veterans' cases. All cases are assigned to Vocational Rehabilitation Counselors (VRCs) that are VA employees. Contract counselors provide additional support to VRCs, but all decisions related to veterans' benefits are inherently governmental and must be made by VRCs. Based on historical data, approximately 15 percent of cases assigned to VRCs also receive ancillary services from contract counselors.

Question 8: Can you elaborate on the work VR&E is doing with the Rehabilitation Services Administration?

Response: VR&E Service works collaboratively with the Department of Education's Rehabilitation Services Administration (RSA) to advance, improve, and expand the employment opportunities for veterans with disabilities.

The successful readjustment of veterans with disabilities into the civilian workforce is the mutual responsibility and concern of VR&E Service and RSA. Both agencies are committed to working together to improve successful employment outcomes to our Nation's veterans. VR&E and RSA share information and coordinate activities to carry out and support mutual objectives such as:

- Develop and disseminate national guidance about statutory requirements of the VR&E Program and the public vocational rehabilitation program and identify opportunities for partnership;
- Exchange information about best practices and joint service provisions at the local levels, to include local-level pilot programs and existing local-level collaborations;
- Attend national meetings and training conferences for the purpose of familiarizing both parties with the services, requirements, best practices, and issues relating to collaboration at the local level; and
- Assign staff to participate in workgroups on topics of mutual interest such as participation in RSA Institutes of Rehabilitation Issues prime study groups.

VR&E is also completing a national memorandum of agreement (MoA) with RSA to be signed by May 31, 2011. This MoA will emphasize and support the establishment of more local-level MoAs between VR&E staff in VBA regional offices and State vocational rehabilitation agencies in the future. VR&E is conducting a pilot study with three State vocational rehabilitation agencies through local-level MoAs. The pilot was launched on February 11, 2010, in Atlanta; June 11, 2010, in St. Louis; and October 14, 2010, in Seattle. The pilot focuses on providing services to veterans with visual impairments.

VR&E also works collaboratively with the Council of State Administrators of Vocational Rehabilitation's National Employment Team (CSAVR-NET). The Director of VR&E Service participated in a recent CSAVR-NET conference to initiate a Veterans' Committee, and CSAVR-NET has provided VR&E with a partnership award.

Question 9: In FY 2010, the performance measure target for VR&E was 76 percent, yet the FY 2012 performance measure target only increased to 77 percent, why such a low performance target increase?

Question 9(a): If the strategic target goal is 80 percent why not increase it to 80 percent?

Response: VR&E has established an 80 percent performance target for FY 2014, which is a significant change from the performance measure of 76 percent in FY 2010. The interim step of 77 percent for FY 2011 was established due to several factors such as rising caseload sizes and increasingly complex disability needs. Newly injured veterans are returning with multiple and complex needs, while the aging veteran population has changing disability limitations. Additionally, the current unemployment rate of 8.8 percent creates further challenges and suggests that interim goals would aid in achieving the 80 percent target by 2014.