THE VA'S VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICE CONTRACT SERVICES AND ITS COORDINATION WITH THE DEPARTMENT OF LABOR'S VETERANS' EMPLOYMENT AND TRAINING SERVICE

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

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THE VA'S VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICE CONTRACT SERVICES AND ITS COORDINATION WITH THE DEPARTMENT OF LABOR'S VETERANS' EMPLOYMENT AND TRAINING SERVICE

THURSDAY, MARCH 9, 2006

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

The Subcommittee met, pursuant to call, at 10:00 a.m., in the Cannon House Office Building, Hon. John Boozman [Chairman of the Subcommittee] presiding.

Present: Representatives Boozman, Herseth, and Campbell.

MR. BOOZMAN. The meeting will be in order. Today we will be receiving testimony regarding VA Vocational Rehabilitation and Employment contracting practices and integration with the Veterans' Employment and Training service.

Before we begin, I want to note that Hire a Hero, Coming Home to Work, and REALifelines all have similar goals of placing our wounded veterans in good jobs. While there are differences among these programs, there is no reason that we could not adopt perhaps a common title, set of goals, and coordinated management among the departments.

For example, the title REALifelines has no intuitive connection with hiring disabled veterans. The existence of three similar federal programs is also causing confusion among the wounded and their families.

Therefore, I am asking VETS to take the lead and to work with VR&E and DoD to begin the process of blending these programs into a single unified effort with a common title, perhaps Hire a Hero, that really sounds good to me.

It's almost a cliche to say that VA's Voc Rehab and Employment Program should be the crown jewel in the VA benefits program. Unfortunately, the reality over the past few years is that Voc Rehab and Employment has taken a back seat to other benefit programs and

issues.

I want to be clear that all of us here share in that shortcoming. The Department and Congress respond to what the veterans organizations and others see as the major programmatic shortfalls.

For the past several years, VSOs have been most vocal about the Compensation and Pension program. As a result, C&P has gotten the lion's share of attention on the Hill and at the VA.

That focus has resulted in Voc Rehab and Employment program underperforming to the point where former VA Secretary Anthony Principi felt compelled to establish a task force to review the program's goals and performance and recommend improvements.

The task force reported out over 100 recommendations including several on contracting. Contract services are vital to the success of the VR&E program as a way to augment permanent VA staff and to increase geographic access to program services. I have asked VA to come here today to discuss how they contract for services, the rates they pay, and how they conduct oversight of their contractors.

We are also interested in how VA and the Veterans Employment and Training Service are implementing their most recent Memorandum of Agreement to improve employment services for disabled veterans in the Voc Rehab and Employment program.

It is absolutely vital that these two agencies cooperate in the closest possible manner to achieve higher employment and retention rates among disabled veterans. Their recent MOA established several working groups and I look forward to hearing how this process is evolving.

I now recognize our Ranking Member, Ms. Herseth for any opening remarks that she may have.

MS. HERSETH. Thank you, Mr. Chairman. Good morning to you and to all those joining us here at the Subcommittee today. I thank you for holding today's hearing to explore such important and timely subjects. Indeed, contract management and interagency communication are key for responsible stewardship of federal resources. And I want to thank the witnesses for being here today and look forward to your insightful testimony.

Vocational Rehabilitation and employment counseling services are a critical component of any disabled veterans' seamless transition from military service to civilian life. The Department of Veterans' Affairs Vocational Rehabilitation Employment Program and the Department of Labor's Veterans Employment and Training Service play the primary and crucial roles in administering such services.

Accordingly, Mr. Chairman, I am very pleased that we are going to be exploring the VR&E program's contract -- contracting and management services and processes as well as the costs for oversight and management of these contract services.

I am also interested in hearing from the witnesses, as you men-

tioned, about the progress related to the implementation of the recent Memorandum of Agreement between VR&E and VETS concerning improved -- more coordination and communication between the agencies.

The State of South Dakota has National Guard soldiers activated in support of operations in Iraq and Afghanistan. Some of these brave servicemembers have returned injured and are now currently or will in the near future seek vocational rehabilitation and employment services. They are like all disabled veterans from around the country who deserve our best efforts to provide that seamless and effective transition from military service to civilian life and to the workforce.

Thank you, Mr. Chairman. I yield back.

MR. BOOZMAN. Thank you, Ms. Herseth. Our first panel is an important player in the Voc Rehab and Employment process. DAV has a long history of interest in the program and Mr. Brian Lawrence the Assistant National Legislative Director is here today to present DAV's testimony. Brian, you are now recognized.

STATEMENT OF BRIAN E. LAWRENCE, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR OF THE DISABLED AMERICAN VETERANS

MR. LAWRENCE. Thank you, Chairman Boozman. Good morning, Chairman and Ranking Member Herseth. On behalf of the 1.3 million members of the DAV, I am pleased to present our views pertaining to the Department of Veterans' Affairs Vocational Rehabilitation and Education Contract Services in its coordination with the Department of Labor Veterans' Employment and Training Services, or VETS. We thank you for holding today's hearing.

The DAV was founded on the principle that our nation's first obligation to veterans is rehabilitation of its wartime disabled. Along with quality health care and adequate compensation, this principle envisions gainful employment as a primary step toward that goal.

The VR&E program is responsible for providing services and assistance that will enable disabled veterans to obtain and maintain stable and gainful employment. The importance of its mission is heightened during the war on terror on thousands of servicemembers who are returning from Afghanistan and Iraq with serious injuries.

Primarily, DAV's recommendations regarding contract services and coordination of efforts between VR&E and VETS reflect those made in the 2004 VR&E task force report. We are pleased that most of the steps to implement those recommendations have been taken. And we encourage VR&E and VETS to continue their progress in that regard.

The VETS an VR&E are two separate agencies. Their concerted

efforts are necessary to maximize disabled veterans' opportunities for gainful employment. Coordinating such efforts likely poses some complex challenges. I have been with the DAV for more than a decade and throughout my tenure I have witnessed the internal challenges VA faces in trying to coordinate efforts between its benefits administration and its health administration.

Since VETS and VR&E are completely separate departments it's easy to see why maintaining open lines of communication is an even greater challenge. But they are challenges that can be overcome and among other recommendations to aid in that regard we recommend that each VR&E office should include at least one DVOP, which is a Disabled Veteran Outreach Professional, among its staff.

We also recommend that the coordination of efforts between VR&E and VETS must also continue to ensure the establishment of the five-track system of services available to disabled veterans. The five-track system provides an array of services that recognize the variant needs of individual disabled veterans. To be fully effective, the five-track system will require teamwork between the two agencies to ensure that disabled veterans receive appropriately suited services.

Thank you, Mr. Chairman. That completes my statement and I will be happy to answer any questions you may have.

[The statement of Brian E. Lawrence appears on p. 26]

MR. BOOZMAN. Thank you very much, Mr. Lawrence. You just recommended that a DVOP be assigned to every VR&E office. Has your field staff, noticed any resistance to that on the part of the state employment services?

MR. LAWRENCE. No, sir. I think that would probably be welcome by most of the offices.

MR. BOOZMAN. Okay. AMVETS states for the record that VA does not give priority within the Voc Rehab and Employment program to those veterans with severe disabilities. Do you agree with that statement?

MR. LAWRENCE. That has not been my experience. There is probably different case scenarios for as many different offices as there are. But, I have worked with the Salt Lake regional office as a service officers and also Bay Pines in Florida. And I also have -- am a product of vocational rehabilitation myself. And I worked with the Iowa department. And all of the -- all of my experiences they have been very helpful and go out of their way to help veterans regardless of how severely disabled they are.

MR. BOOZMAN. Should they triage?

MR. LAWRENCE. Pardon me?

MR. BOOZMAN. Should they triage?

MR. LAWRENCE. Should they triage?

MR. BOOZMAN. Yes, those applying for the Voc Rehab benefits.

MR. LAWRENCE. I think that every disabled veteran coming before them should receive the same amount of services and attention. Yes, I imagine probably there should be some level of prioritization that would -- I mean they are going to have to do different things for various veterans, which is part of what the five-track system recognizes from the task force recommendation.

MR. BOOZMAN. Thank you. Ms. Herseth.

MS. HERSETH. Well thank you very much for your testimony. And, you know, you had addressed some things in both your written statement and the testimony you just provided. But, perhaps if you could elaborate in your opinion, from your perspective, and from the organization's perspective, since the completion of the VR&E task force report, do you see improvement by the VR&E program with respect to vocational rehabilitation services as well as the communication coordination with the Department of Labor? I mean you identify that there would be some challenges. Do you see that since last fall when the memorandum was signed that some of those challenges have already been overcome? Or at least can you sense whether or not there is a strategic plan in place to address and overcome those challenges?

MR. LAWRENCE. I spoke with my service staff members prior to coming over here today to get their opinions as well and see if they had any feedback from the field. And it was thought that there might be a slight improvement in that regard as far as the coordination of efforts between the two agencies, but there were not really any noteworthy examples to indicate that great leaps and bounds had been made in that regard.

I do think that there has been an improvement since the task force report with viewing vocational rehabilitation as an employment program. It used to be just kind of viewed, I think, as an education program and, you know, was thought of, you know, it was a different way for people to get through college. And I do think a lot more emphasis has been placed on not only education, but employment as well. So we are pleased to see that.

MS. HERSETH. And you would say that that is the case with both agencies?

MR. LAWRENCE. Yes.

MS. HERSETH. Okay. Are you hearing anything from your membership in particular for those that may live in more rural areas about any difficulties they may be having in accessing vocational rehabilitation services? Is that something that you can assess very well in terms of membership and geographic distinctions?

MR. LAWRENCE. Yes. I think that rural veterans probably in comparison have maybe slightly better services then what some of the larger centers would have. Maybe it's a little more individualized and we recommend in the IV that counselors be limited to a certain

number of clients. And I think that maybe some of the rural veterans that their counselors are not as busy with, you know, a vast number of clients. Or maybe able to provide a little more individualized attention.

MS. HERSETH. Okay. And I guess I just would have one followup question along the lines of what the Chairman was asking. Would -- in your response about feeling that some prioritization would have to occur, do you say that because of your experience in how these programs are just generally administered without funding considerations? Or do you say that because of any of the budget constraints that we have been facing within the last couple of years?

MR. LAWRENCE. No. I --

MS. HERSETH. Just given the increase in the number of veterans that are returning from Iraq and Afghanistan that have suffered some very serious injuries.

MR. LAWRENCE. No. I, in no way, was considering budget constraints in saying that there should be a prior -- I was merely thinking of the array of needs posed by individual veterans. And that would be the only categorization that we would recommend.

And obviously somebody with catastrophic level disabilities is going to require a different focus than somebody with a 20 percent or a 30 percent injury to their leg. And that goes along with what I said about the five-track program. That would be the only type of, well, categorization that I would recommend.

MS. HERSETH. Thank you, Mr. Lawrence. I would yield back to the Chairman.

MR. BOOZMAN. Thank you very much for your testimony today, Mr. Lawrence. We appreciate the input and appreciate all that the DAV is doing in advocacy, thanks for your testimony.

MR. LAWRENCE. Thank you, sir.

MR. BOOZMAN. Let's have the second panel now. We are really pleased to have Ms. Judy Caden, Director of the Vocational Rehab and Employment Service with us. She is accompanied by Mr. Jerry Braun, her Deputy Director and Mr. Jan Frye, Deputy Assistant Secretary for Acquisition and Material Management.

The Honorable Charles Ciccolella -- I have been working on that all morning so that I will get that right. You are like me, Booze-man, Boozman, whatever. I know I am not the first one that struggled a little bit. But it is good to have you here. The Department of Labor's Assistant Secretary for Veterans Employment and Training. And we look forward to getting your view on how we progress. Ms. Caden, go ahead and start if you would. Thank you.

STATEMENTS OF JUDITH CADEN, DIRECTOR, VOCATIONAL REHABILITATION AND EMPLOYMENT PROGRAM VETERANS BENEFITS ADMINISTRATION ALONG WITH JERRY BRAUN, DEPUTY DIRECTOR VOCATIONAL REHABILITATION AND EMPLOYMENT, VOCATIONAL BENEFITS ADMINISTRATION AND JAN FRYE, DEPUTY ASSISTANT SECRETARY FOR ACQUISITION AND MATERIAL MANAGEMENT, DEPARTMENT OF VETERANS AFFAIRS

Ms. Caden. Mr. Chairman and members of the Subcommittee, thank you for inviting me to appear before you today to discuss specific elements of the Department of Veterans' Affairs Vocational Rehabilitation and Employment, VR&E, Program.

In keeping with your request, I will begin by talking about VR&E's contracting process, costs, and management and then I will discuss our partnering activities with VETS.

The Vocational and Rehabilitation and Employment program utilizes contractors to supplement and complement the services provided by VR&E staff to veterans participating in each of the VR&E programs.

A national acquisition strategy, or NAS, was instituted in order to standardize and streamline the acquisition procedures used to certify contractors. The NAS resulted in a list of providers for each regional office for initial vocational assessments and evaluations, case management and rehabilitative services, and employment services.

The Office of Inspector General recently conducted an evaluation of the contract and identified several vulnerabilities. And as a result we have decided not to go forward with the final option year of the NAS. And instead we are in the process of issuing a new NAS for a five-year period beginning in fiscal year 2007. The vulnerabilities identified by the IG, in combination with our past experience will help to ensure that we improve upon the previous NAS contracts.

Expenditures under the current NAS average approximately $8.3 million per year. The VR&E officers in the field are responsible for management and oversight of the contracting activities at each of their stations. Proposed expenditures are obligated by the VR&E officers. The work performed by the contractors is monitored by counselors. And payments are approved by the VR&E officer.

Overall contract expenditures at a given regional office are tracked via our corporate management reports. And VR&E officers closely monitor their funds and expenditures to ensure their balance is adequate to provide services throughout the fiscal year.

In order to manage contracting activities, each regional office is required to have two basic level warranted contracting officers and at least two contracting officer technical representatives, which are called COTRs. Contracting officers are the VR&E officers and their

assistants. And these individuals are issued warrants upon successful completion of a mandatory 40 hour training requirement.

VR&E counselor serve as COTRs, and the COTRs are responsible for quality assurance, contract monitoring, conducting quality assurance reviews, and serving as the primary point of contact for the contractor. And to date we have 256 COTRs in the field.

We have expanded the VR&E site visit protocol to require a review of contracting activities to ensure the station is adhering to the contracting guidelines for local and NAS contracts. And additionally the site visit team reviews contract documentation to ensure required justifications for contractor selection are in place.

I will now discuss our interaction with VETS. On October 3, 2005, we signed a revised Memorandum of Agreement with the goal of improving service delivery to veterans with service-connected disabilities. The new agreement expands and solidifies our cooperation as partners in case management, employment services, reporting, oversight, and monitoring. Joint work groups will develop recommendations to overcome the critical challenges facing the partnership in the area of performance measures, joint training, and joint data collection analysis and reporting.

Implementation of the agreement with VETS has been made easier with the co-location of 72 disabled veterans outreach program, or DVOP, specialists at 36 of our VA regional offices and 36 outbased facilities. VR&E's employment coordinators partner with the DVOP specialists and local veterans employment representatives to assess the feasibility of employment services, recommend an appropriate vocational rehabilitation plan, and deliver job readiness training and job placement services.

We have included our DOL partners in our national deployment of the five-track employment model, which is an employment driven service delivery system focusing on presenting employment options early in the rehabilitation planning process. And VR&E staff have presented briefings at many of DOL's conferences and we have also jointly produced and presented satellite training broadcasts. Also, DOL representatives delivered presentations at our last two VR&E management training conferences.

I believe we are making progress forging an effective partnership with VETS. Veterans with service-connected disabilities are benefitting from that progress through the availability and delivery of more comprehensive employment services. Mr. Chairman, this concludes my testimony. I greatly appreciate being here today and look forward to answering any questions you or other members of the Subcommittee may have.

[The statement of Judith Caden appears on p. 31]

MR. BOOZMAN. We are joined by Mr. Campbell of California. He

is our newest member on the Committee. And we really appreciate your willingness to serve on the Veterans' Affairs Committee in general. And we are really excited about having you on this Subcommittee that is so important. Do you have any comments?

MR. CAMPBELL. No. Thank you, Mr. Chairman.

MR. BOOZMAN. Thank you. The regional sites that have cooperation between DVOPS and LVERs and VR&E staff, in some, cooperation is good. However, The American Legion states that Texas and Alabama, as sites, perhaps have less than satisfactory cooperation, coordination between DVOPS and LVERs and VR&E staff. I guess I would assume that perhaps those two states are rare, hopefully they are, but perhaps we have some problems, with other states as well? I guess what we would like to know is your views as to what are some of the causes and then maybe some of the solutions to that situation.

MS. CADEN. Well, we have started to look into that. I read that in the testimony. We talk on a regular basis to our VR&E officers. We talk on a regular basis with DOL and VETS. And in many areas it's working very well. Sometimes it's just a matter of is someone available to be in our office. Is the communication -- but I would like to explore it some more if we can and report back to you.

MR. BOOZMAN. You can do that. Again, I was going to follow up and say that perhaps, that would be very appropriate. If you could give us some status, as to what is going on in that area.

In your testimony you mentioned that the IG identified several vulnerabilities in the current national acquisition strategy. Can you talk to us a little bit more specifically about what the vulnerabilities were and did the IG find any instances of fraud, waste, or abuse?

MS. CADEN. Sure. No, there were no instances in that report of fraud, waste, or abuse. It went to the process that was in place for the most part. And they pointed out things like that some of the contract specifications, the statements of work, were not as clear and concise as what they should be.

Inadequate follow up on our part on the VR&E part of internal quality assurance and doing the oversight that is needed and necessary. And in some cases inadequate justification for selection of higher price contractors to perform the work.

And what we have done since that report, we have a pretty detailed plan for reacting to each of those instances. We beefed up to a considerable degree our oversight and the quality assurance. I mentioned in my testimony, we now go out and visit the offices. That is one of the things we are looking at. We are also getting reports on a regular basis on contracting. And we review, in the case of the contract specifications, we review that to make sure they are clear and what they should be, as well as reviewing those price justifications. And it's also because of what the IG found and our own concerns that we are going to re-compete the contracts.

MR. BOOZMAN. I am an optometrist, an eye doctor, so any of you all that are here, if you are having problems with your glasses or your contacts or advice on your cataracts, I can do that after the Committee meeting is over. But one of the things that we were governed with were the Stark Rules it prevented self-dealing. Is the VA, under those same sort of rules? Are you familiar with the Stark Rules?

MS. CADEN. I am not. No.

MR. BOOZMAN. Okay. Basically, as an eye doctor, you could not do things with medicare and medicaid, as far as, having your own labs, so that you order tests that the government's paying for that is basically your business also. For instance, if you were a psychiatrist and on the counseling service, then you couldn't refer to your own counseling service. Does that make sense?

MS. CADEN. Well, what Dr. Braun was just saying and I will answer this is that there is a code of ethics involved with our own counselors and what they can and can't do. But, did you want to expand on that?

MR. BRAUN. Mainly to say, yes, that we are not necessarily familiar with the acronym or the phrasing that you are using, but the effort to make sure that individuals are not referring to their own practice and things of that sort is an effort of oversight that we do have in place or are working on.

MR. BOOZMAN. So you mentioned ethics. And sadly, we had ethics too. But some people are not ethical and so in the early '90's, we had to adopt the Stark. The sad thing is that there is always people out there gaming the system. And if we just do have an ethic situation, then I think it's important that we don't have situations where you self-deal. And so I would like to know a little bit more about what we are doing about that. And then if we do need to address that maybe some advice where we specifically say we are not going to self-deal and here is the penalty if you do do it.

MS. CADEN. We can develop that for you. I do want to say that every time we have a conference, and we do those yearly, we have a fairly detailed session on ethics. And we bring in a guest speaker to talk about that. And then there are certifications that have to come from that. But I will provide more information for you.

MR. BOOZMAN. Well, we are all having fairly detailed conversations about ethics. And then also the statutes that are in place that if you go beyond that, that you get yourself in big trouble, which is appropriate. Ms. Herseth.

MS. HERSETH. Thank you, Mr. Chairman. Ms. Caden, thank you for your testimony today and the insights. And I do appreciate your willingness to provide us with status updates on how the relationship is working as you seek to overcome some of the challenges that were mentioned before between the two agencies.

I remember last year a lot of back and forth. And I remember when

GAO was here, I mean, we kind of kept the pressure on to get that memorandum signed and in. And I think what is most important for our follow up, you had mentioned, you know, your department's follow up as it related to the contracting services and oversight. The Subcommittee's follow up has to be, you know, that we continue to get some information from you that others have input on how we are overcoming the challenges, what the strategic plans are. If there is one agency or the other that is not being quite as responsive as the other one, those are things that we need to know, follow up with on a fairly regular basis.

So I appreciate your willingness to do that. And, you know, perhaps, Mr. Ciccolella you certainly work with us in that regard as well. And I appreciate the Chairman spoke to asking you to further describe the vulnerabilities that the IG report identified. So I appreciate that elaboration on your part.

And you had mentioned in terms of the new NAS that you are going to be starting to improve, not only from the IG report, but your own sense of what needed to happen. You described some of the steps that you are going to take to improve those contract management oversight plans, including the additional site visits, further review. Which leads me to the question of whether or not to your knowledge VA has ever conducted a study on the cost associated with providing oversight and management of VR&E contract services, including staff resources and the training for both areas of the site visits for the review and elsewhere?

Ms. Caden. I have not seen a study like that. We could probably go back and start to breakout those costs for you in those different areas, but I have not seen it laid out that way. But we can do that.

Ms. Herseth. Thank you. And Mr. Chairman, I would yield back.

Mr. Boozman. Thank you. Mr. Frye, how would you describe VA's overall contracting processes and how many warranted contracting officers does the VA have? How many of those are directly in your chain of command?

Mr. Frye. The VA has over 701 contracting officers. With regard to this contract, or these contracts, 241 contracts, there was one warranted contracting officer that put 241 contracts in place in a central office. And these were IDIQ contracts, Indefinite Delivery Indefinite Quantity contracts. And then orders are placed against those contracts out in the field.

Those orders are placed by warranted contracting officers. They hold warrants that equate to $100,000 or less. And they place orders against these contracts, these 241 contracts, for the services that are needed out in the field.

Mr. Boozman. Does the 40 hour training courses for contracting officers technical representatives, does that include testing? Who supervises the course and the testing?

MR. FRYE. Is the question to me, Mr. Chairman?

MR. BOOZMAN. Just to whoever. Whoever knows the answer.

MR. FRYE. I do not know if these contracting officers take a test. They do receive 40 hours of training. And they are warranted by the head of the contracting activity out in the field. They are not warranted by me because their warrants are $100,000 or less.

MR. BOOZMAN. You mentioned a number of contracting warranted VR&E and assistant VR&E officers. You have a number currently. Are you comfortable with the number of folks that you have got?

MS. CADEN. Well, I can answer for VR&E. I think we are comfortable with the number, but we are looking to maybe shift some of those responsibilities. As FTE becomes available we would like to have maybe some contract specialists in each of the offices or a combination of offices and let the counselors get back, because these are counselors who are acting in this capacity, and let them get back to working with the veteran on an actual counseling basis and shift some of the responsibility for the management of contracts to a different individual. But right now, I think, because we have at least two in each office and a number of others that work as the COTRs, we are okay.

MR. BOOZMAN. Who oversees the contracting actions?

MS. CADEN. Well basically it would be the VR&E officer. But there is a contracting specialist in my office that I have asked to kind of oversee everything going on out there. And then they also work very much with Mr. Frye's organization.

MR. BOOZMAN. So is that person the national contracting officer?

MS. CADEN. The national contracting officer is part of that organization. I have a contracting specialist on my staff who works very closely with them.

MR. BOOZMAN. Okay. Very good. Have you got any other things, Ms. Herseth?

MS. HERSETH. No, I don't.

MR. BOOZMAN. Have you got any other things? Mr. Campbell, have you got any questions?

MR. CAMPBELL. Yes, please. Go ahead.

MR. BOOZMAN. Okay. Just a couple of more things and then we will get you out of here. What are the range of costs associated with each of the three categories of contract services and did VA conduct market surveys to determine what the should cost process for each category and region?

MS. CADEN. We did do market surveys. And we have been updating those as much as possible. Especially getting ready for the next generation, the next NAS. I do not know the pricings. Jerry, do you?

MR. BRAUN. We do not have specific numbers on that right now. But I think we could get it.

MR. BOOZMAN. Okay. In follow up can you provide us a copy of the

draft of the statement of work now under the departmental review?

MS. CADEN. It's with Mr. Frye's office right now. But I am sure we can do that. It's been drafted and it's going through the concurrence process.

MR. BOOZMAN. Good. Thank you. Well, thank you all very much for your testimony. And I do appreciate your hard work. And I really want to commend VR&E for responding to the Inspector General's findings as a means to maintain the integrity of their program.

You know, the function that we are tasked with is oversight, of these things. And then you are tasked with that also. We very much want to give you the tools. I have got all the confidence in the world, our duty is to ask the questions and find out what is going on. Your duty is to do the same thing and make sure that it is going right. And then like I say, we do want to give you the tools that you need to do that function. That is what the American public expects out of us.

So, we are a little bit concerned about, I think, the larger issue within VR&E regarding contract management and things. So, probably we will come back and do some more things in the not too distant future specifically concerning that and the contracting programs at VA.

We are also a little concerned, or just really want some more information about the VR&E that is staffed at the local levels. And I think what we would like to do, and you all can perhaps help us maybe in brainstorming, facilitating. You know, if we can get the states together and try and foster a little bit more cooperation and really would like to hear from VA and VETS as to how that might be done. Things like the differences in the educational levels. You know, what we are seeing, and how that affects things. So, again, that is something that we would also like to follow up on. So, unless Ms. Herseth has anything else.

MS. HERSETH. Did Mr. Ciccolella testify yet?

MR. BOOZMAN. No. He is just here.

MR. CAMPBELL. He needs to speak.

MR. BOOZMAN. Okay. I am sorry. We almost left you out. It is your turn to speak.

STATEMENT OF CHARLES S. CICCOLELLA, ASSISTANT SECRETARY FOR THE VETERANS' EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR

MR. CICCOLELLA. Mr. Chairman, Ranking Member Herseth.

Congressman Campbell. Thank you very much for the opportunity to appear before the Committee and talk about the relationship and the new cooperation between the Department of Veterans' Affairs and their Vocational Rehabilation employment program and the Department of Labor's Veterans Employment and Training Service.

VR&E and VETS have a history of cooperation. We had an MOA in the 1990's. We have done a partnership guide. There has been joint training. But with the signing of the Memorandum of Agreement that Judy and I signed in October, I think it's a dramatic step forward. And I think it's a dramatic step forward because I think we have the commitment of both agencies to bring the resources of both of the agencies together to improve employment outcomes. And not only outcomes, but also improve the quality of employment for the VR&E participants.

In other words, employment in the jobs that are going to last. The jobs of the Twenty-first Century. And to make that work better, we have to also get the active participation of the state workforce agencies because the American workforce system, which centers on that one stop career center, is an integrated delivery system for which business and the employers are the customer. That is something that VETS and the Department of Labor brings to the table.

Now with regard to the performance of the VR&E program and the VETS cooperation, I think we are doing better. The numbers are up for fiscal year 2005. As part of the MOA, as Judy mentioned, we are also working on three work groups; the data sharing work group, I think that will be very important; performance measures for the partnership, I am very interested in seeing how that will go; and the national Veterans' National Training Institute Development of a training curriculum is a work group. And that will be, if not the most important work group, probably one of the most important.

I would also like to say that the cooperation between the Department of Labor and the VA extends beyond just VR&E and VETS. We sit on the VA advisory Committee on rehabilitation; advisory Committee on women veterans; and their advisory Committee on homeless veterans. I personally sit on that Committee. We participate in the VR&E development of the five-track program.

And I think similarly the VA participates on our transition assistance program steering Committee. And that is an extremely important Committee. It's becoming more and more important as more service members come back through the military and transition into civilian life.

I think our collaborative efforts will continue to improve and expand. I personally see our mutual goals, not only in terms of more successful employment outcomes, and increased outcomes for the VR&E clients, but also in working together to significantly improve the smooth transition of our servicemembers from the military, and particularly those who have been injured, wounded, or disabled and moving them into the workforce.

I believe the commitment of both agencies to this goal is absolute. I think that every one today realizes that no one agency can do this alone. And it's only by working across agency lines that we will get

anything done and we will improve the outcomes.

Mr. Chairman, that concludes my oral statement. I would be happy to take your questions.

[The statement of Charles S. Ciccolella appears on p. 37]

MR. BOOZMAN. Thank you very much. Ms. Herseth.

MS. HERSETH. Thank you, Mr. Chairman. And thank you, Mr. Ciccolella. And thank you for further elaborating in your testimony the working relationship between the agencies how it goes beyond VR&E and VETS, as you just described. We appreciate that and the commitment of the resources to go beyond, as you mentioned, improving the outcomes to the quality of those employment opportunities.

And as we were discussing earlier with Ms. Caden, I mean, in terms of our oversight responsibility and as you begin to maybe break some of these costs for oversight down, we need to make sure that you have the resources that you need to do precisely what you at this increase coordination that the MOA requires.

In your opinion, since the implementation of the VR&E five-track system at the pilot project sites, has VETS seen a corresponding improvement in placing such rehabilitated disabled veterans into employment since the five-track has been implemented?

MR. CICCOLELLA. Well, when the five-track, as I understand it, it's still in a demonstration phase. It has not been implemented fully. Is that right?

MS. CADEN. Well the pilot period is finished. We are rolling it out --

MR. CICCOLELLA. Rolling it out now.

MS. CADEN. -- now in all the offices.

MR. CICCOLELLA. Well, let me put it this way. All of our state directors, we have state directors of veterans' employment and training in each one of the states and territories. All of them are very much aware of the importance and the priority we put on the relationship between the voc rehab people in the states and the VETS sponsored DVOPS and LVERS. We are requiring every one of, our state directors, to update their Memorandum of Agreement. And Judy Caden is requiring the same thing. We have seen an increase for program year 2005 in the number of placements through the employment system. In other words, the active involvement of the disabled veteran outreach program specialists has been beneficial.

But I don't know whether it's too early to tell if this is really having an impact. It's going to work where people drop the barriers and work across agency lines and agree that the most important thing is to serve our disabled veterans. And there are certain pockets, and you mentioned Texas, Alabama, there are a couple of other states that are not doing as well as other states.

But, we are seeing some really, really good ideas and innovative

practices. In your own state, in South Dakota, for example, and in other states, where the program is working very well. And it's working very well because we have got good leadership out there on both sides.

MS. HERSETH. Well, I appreciate that. And I think you answered my second question and perhaps started to allude to addressing my third. The second question was just going to be in your opinion how important it is to involve the state workforce agencies in the plan, in the coordination, in the discussions regarding that inter-agency interaction. And so I would assume that based on what you said you feel it's very important in part to overcome any of those barriers that may still exist by being very inclusive. To talk about what is most important and serving the constituency here to improve those employment results.

MR. CICCOLELLA. Well, that is absolutely correct. You know, we have a workforce system in this county. It's a $14/$15 billion investment every year. There is some great training opportunities in that. Not all the states use all their workforce investment act money.

The kind of neat thing about the situation today is that Congress, in its wisdom and I think great foresight, when they passed Public Law 107-288, they established priority of service for veterans. And within that priority of service for all workforce training programs, there are priorities for special disabled, disabled, and then veterans.

So I think we are making significant progress there also in terms of making certain that the workforce system understands that when veterans come in for services, they get priority services. And I travel a lot and I talked to an awful lot of people in Career One Stops, the delivery service people, and I am seeing a lot of improvement in that regard.

MS. HERSETH. Very good. I would yield back, Mr. Chairman.

MR. BOOZMAN. Are you getting any resistance from the state employment services regarding DVOP station or the VR&E officers.

MR. CICCOLELLA. Not at all. We have not had that and frankly, Mr. Chairman, we have got it written into the solicitation for grant applications. And we do have a hammer, a lever on that, because we have got the grant money and we have got the state director who is monitoring that.

MR. BOOZMAN. This is really for both groups. Can you describe the cross-training you are doing and your plans to expand the initiative? I am sorry, I am mumbling. The cross-training. Yes, ma'am.

MS. CADEN. Well, as an example, we have got training going on right now to roll out our five-track system. And the DVOP and LVERs and other people from DOL have been part of that training, they are participating in it as we do it in regional areas. And they have also been presenting that training. One of the work groups that we have got formed is to develop joint training opportunities working through

the NVTI and a curriculum where we can both partake of it. We did a couple of broadcasts as kind of a kickoff of that joint training effort to make sure that the VR&E counselors in the field, as well as the VETS people in the field, got the same message on things like USERA and priority hiring authorities that are out there. So we are trying to get the message out to both.

MR. CICCOLELLA. I would agree with what Judy has said. It's important for both sides to understand the resources that the other side brings to the table. And it also, knocks down some barriers when you get these folks out and they realize that they are really focused on the same mission.

MR. BOOZMAN. One of the things I know that myself and my staff, Ms. Herseth and her staff, are really worried about are these areas of hiring and employment. You know, we are blessed. The un-employment rate overall is down. But we have got these pockets. I am a member of the NATO Congress. And NATO -- those are our great allies. That thing has served with time and doing very, very well. And yet right now they are in the process of becoming a rapid deployment force to respond to the needs as opposed to the old cold war, when we had all the troops amassed to prevent a tank invasion. So they are reinventing themselves.

I guess what I am wondering is, do we have the ability when we hear of General Motors laying off 5,000 people or 3,000 people, events like that, do we have to wait until we get that somehow reported through the system and then months later it comes out, that we have a problem there. Where literally, we know there is a problem from the day that the announcement is made. Is there ability or is there any thinking of how we could maybe respond to those areas quicker than we are doing? Does that make sense?

MR. CICCOLELLA. Yes. It does. I think you have to respond to it I believe in the context of, you know, what the workforce system can do. And specifically with the veterans. With the GM layoffs and the Ford layoffs we need to, track that pretty carefully. It's not like 14 or 30,000 people are going to be laid off right away like in Youngstown, Ohio, I think 18,000 people lost their jobs up there in the steel mills. But it happens over time.

So that certainly gives the workforce system a sufficient amount of time to respond. For example, in Virginia and North Carolina when the PillowTex folks went under and they were bought out. We put a team from the Department of Labor down there in advance of the closings to do training and re-skill the workers in both North Carolina and Virginia. And we had a veterans component for that effort. And it's not easy to do when people are my age, like in their 50's, to change jobs. But it's just the way things are today. Where our jobs go away and we have jobs in this country, five million, that we can't fill because we don't have the workers with skills, then that workforce

system needs to be responsive to that.

And so that is what we did at PillowTex. We have done it in a couple of other places. So if the question is does the system have a capability to respond, you bet, it does have that capability to respond. And should respond.

MR. BOOZMAN. I guess what I would like to see, and again as a very informal this is what we do in those situations. Almost like FEMA goes in in an emergency. Because the situation that we are in now is a little different with our manufacturing and things than it has been in the past decades. The problem is, if you lose 5,000 jobs at the local auto plant, then the reality is that transfers to probably 15,000 jobs throughout the system because there is so many small vendors that are dependent in servicing that and the whole deal.

So, again, it's just something that I would like to see us do, and we would be glad to help in any way that we can, but I do think that -- and I think FEMA is a good example of just in an emergency that you go in. And we would like to see that happen with a strong veterans component as part of that. Would you all agree with that?

MR. CICCOLELLA. We would be happy to respond to that, Mr. Chairman.

MR. BOOZMAN. Again, something that perhaps we can look at later on. So, do you have any -- Mr. Campbell, have you got anything you would like to add?

MR. CAMPBELL. One thing.

MR. BOOZMAN. Sure.

MR. CAMPBELL. Thank you, Mr. Chairman. One of the things being the new guy, this may be a silly question. But being the new guy, I probably will do that frequently for at least a little while. But one of the things you said, Mr. Ciccolella, I believe, if I have not butchered your name too badly, was that one agency cannot do this alone. What are the things -- why is that? What are the things that -- you are collaborating I am hearing on a lot of things -- what are the things that you cannot collaborate on?

MR. CICCOLELLA. Sure. Well, Congressman, if you use the example of our partnership, the VA brings certain things to the table with regard to the services that they can provide for the servicemember, the injured servicemember or disabled servicemember. They bring case management. They bring counseling. They bring the medical efforts so that the individual is stabilized. They bring the program that provides the tuition and the stipend so that the individual can go through the training.

Now, VA is not necessarily an employment agency, although they have employment coordinators. And some of their participants, a number of them, are placed into employment. And their jobs are lined up by the employment coordinators, but not all of them.

And so we have a system in the country, we have had it since 1944,

we had the veterans' employment representative in the job centers or the unemployment centers at that time. And in the 1980's because we had so many veterans from the Vietnam era who were unemployed, that is what created the disabled veteran outreach program specialists. So we have two categories of veteran employment representatives in the workforce system.

And that DVOP or disabled veteran outreach program specialist, his or her job is to focus on veterans with barriers. But when you have significant disabilities, such as the Chapter 31 clients do, then the DVOP is trained to do a high level of case management as well. And more importantly, that person has access to the services of the workforce system. And that is not only the job counseling and job searches and the resume writing and the training for interviewing skills and things like that, but also the all of the resources of America's workforce system that he or she can bring to bear for that veteran.

So the functions, the missions are truly complimentary. And if you are not working across agency lines collaboratively, then frankly some people in this program, the VR&E program, will fall through the crack because they will have to get their own jobs, or they will go back home
and do whatever, or they will go, back to school.

And it will be a while before they get into employment. And that is real important, especially with young veterans because young veterans have a tough time making the transition. And if they are disabled, or severely wounded or injured, then it's even more difficult. They have got significant barriers to employment.

VA can address some of those barriers and the Labor Department can address some of those. But if we work together we are going to be a lot more successful.

MR. CAMPBELL. Okay. Thank you.

MR. BOOZMAN. Do you have anything else Ms. Herseth? Very good. I appreciate the testimony from you, Mr. Ciccolella and Ms. Caden and Mr. Braun and Mr. Frye. I really do appreciate your working together in the spirit that you are trying to get these things done. And certainly, again, that is our mission is to help you in any way that we can. And to move these things forward. So, thank you very much for appearing. We appreciate your testimony and the meeting stands adjourned.

MR. CICCOLELLA. Thank you, Mr. Chairman.

[Whereupon, at 11:00 a.m., the Subcommittee was adjourned.]

APPENDIX

Honorable John Boozman

Oversight Hearing on VA Vocational Rehabilitation and Employment Contract Services and Cooperation with the Veterans Employment and Training Service

March 9, 2006

Good morning. The Subcommittee will come to order. Today we will receive testimony regarding VA Voc Rehab and Employment contracting practices and integration with the Veterans Employment and Training Service.

Before we begin, I want to note that Hire a Hero, Coming Home to Work, REALifelines all have similar goals of placing our wounded veterans in good jobs. While there are differences among these programs, there is no reason they could not adopt a common title, set of goals, and coordinated management among the departments. For example, the title REALifelines has no intuitive connection with hiring disabled veterans. The existence of 3 similar federal programs is also causing confusion among the wounded and their families.

Therefore, I'm asking VETS take the lead and work with VR&E and DoD office and begin the process of blending these programs into a single, unified effort with a common title. "Hire a Hero" sounds good to me.

It is almost a cliché' to say that VA's Voc Rehab and Employment Program should be the crown jewel in the VA benefits programs. Unfortunately, the reality over the past few years is that Voc Rehab and Employment has taken a back seat to other benefits programs and issues. I want to be clear that all of us here share in that shortcoming. The Department and Congress respond to what the veterans organizations and others see as the major programmatic shortfalls. For the past several years, VSOs have been most vocal about the Compensation and Pension program. As a result, C&P has gotten the lion's share of attention on the Hill and at the VA. That focus has resulted in a Voc Rehab and Employment program that underperformed to the point where former VA Secretary Principi felt compelled to establish a task force to review the program's goals and performance and to recommend improvements. The Task Force reported out over 100 recommendations including several on contracting.

Contract services are vital to the success of the VR&E program as a way to augment permanent VA staff and to increase geographic access to program services. I have asked VA to come here today to discuss how they contract for services, the rates they pay and how they conduct oversight of their contractors.

We are also interested in how VA and the Veterans Employment and Training Service are implementing their recent Memorandum of Agreement to improve employment services for disabled veterans in the Voc Rehab and Employment program. It is absolutely vital that these two agencies cooperate in the closest possible manner to achieve higher employment and retention rates among disabled veterans. Their recent MOA established several working groups and I look forward to hearing how this process is evolving.

I now recognize our Ranking Member, Ms. Herseth, for any opening remarks she may have.

Our first panel is an important player in the Voc Rehab and Employment process. DAV has a long history of interest in the program and Mr. Brian Lawrence, the Assistant National

Legislative Director is here today to present DAV's testimony. Mr. Lawrence, you are recognized.

Thanks for your remarks. I'll begin with a couple questions.

I now recognize Ms. Herseth for any questions she may have. May we have the second panel, please. I am delighted to have Ms. Judy Caden, Director of the Vocational Rehabilitation and Employment service with us. She is accompanied by Mr. Jerry Braun, her Deputy Director, and Mr. Jan Frye, Deputy Assistant Secretary for Acquisition and Material Management.

The Honorable Charles Cicollela, the Department of Labor's Assistant Secretary for Veterans Employment and Training is with us and I look forward to getting his view of how we are progressing. Ms. Caden, you have the floor.
Thank you. I have a couple of questions.
I now recognize Ms. Herseth.

I commend VR&E for responding to the Inspector General's findings as a means to maintain the integrity of their program. However, I am concerned there may be a larger issue within VA regarding contract management that goes beyond the Voc Rehab

program. Therefore, I am recommending that the Subcommittee on Oversight and Investigations look into the overall contracting program at VA.

I am also concerned about the spotty integration of VR&E and VETS staffs at the local levels. Maybe its time to bring leaders from each state together as a means to foster greater cooperation, and I'd like to hear from VA and VETS on how that might be done. Things like differences in education levels of VA and state employment services should not be a deterrent to meeting our veterans employment goals.

Unless Ms. Herseth has anything further, the Subcommittee stands adjourned.

Opening Statement of Ranking Member Herseth
Subcommittee on Economic Opportunity
House Committee on Veterans Affairs
March 9, 2006

Good morning, Mr. Chairman. Thank you for holding today's hearing to explore such important and timely subjects. Indeed, contract management and inter-agency communication are keys to responsible stewardship of federal resources. I want to thank the witnesses for being here today and look forward to your insightful testimony.

Vocational rehabilitation and employment counseling services are a critical component of any disabled veterans' seamless transition from military service to civilian life. The Department of Veterans' Affairs (VA) Vocational Rehabilitation and Employment program (VR&E) and the Department of Labor's Veterans Employment and Training Service (VETS) play the primary and crucial roles in administering such services.

Accordingly, Mr. Chairman I am very pleased we are exploring the VR&E program's contracting and management processes, as well as the costs for oversight and management of such contract services. I am also interested in hearing from the witnesses about the progress related to the implementation of the recent Memorandum of Agreement between VR&E and VETS concerning improved communication and coordination efforts between the two agencies.

The State of South Dakota has National Guard soldiers activated in support of operations in Iraq and Afghanistan. Some of these brave servicemembers have returned injured and are now currently or will in the near future seek vocational rehabilitation and employment services. They like all disabled veterans from around the country deserve our best efforts to provide a seamless and effective transition from military service to civilian life and the workforce.

Thank you, Mr. Chairman.

STATEMENT OF
BRIAN E. LAWRENCE
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 9, 2006

Executive Summary

2004 Vocational Rehabilitation and Employment (VR&E) Task Force Recommendations pertaining to the Department of Veterans Affairs (VA) Vocational Rehabilitation and Employment Program (VR&E) contract services and its coordination with the Department of Labor (DOL) Veterans Employment and Training Service (VETS)

- VR&E should develop a contract management training program for all VR&E staff with direct responsibility for contract activities
- VR&E should create a contract/purchasing specialist position at each VA Regional Office (VARO)
- VR&E should negotiate a new memorandum of understanding (MOU) with VETS to improve and standardize business processes and relationships between VETS Disabled Veteran Outreach Program (DVOP) and VR&E.

Steps taken by VR&E/VETS to implement Task Force Recommendations

- VR&E instructed each office to designate at least two staff members as Contracting Officer Technical Representatives (COTR). Appropriate training classes and training materiel was provided to COTRS to enable them to fulfill their new responsibilities.
- VR&E has developed a priority list to ensure that VAROs specify that new full-time employee (FTE) positions fulfill the second Task Force recommendation.
- A new MOU was created between VR&E and VETS to establish three joint work groups to improve the quality of employment services and job placement services for disabled veterans. The three work groups will focus on the following areas:
    - Performance measures for assessment of partnership program results
    - National Veterans' Training Institute (NVTI) curriculum design
    - Joint data collection, analysis, and reports

DAV Response

The DAV is pleased that most steps have been taken to implement the Task Force recommendations. While the cooperation and teamwork between VR&E and VETS has improved since the Task Force released its recommendations, progress remains to be completed. The DAV encourages the two agencies to expand on their mutual goals to provide quality employment services to disabled veterans. Accordingly, DAV encourages the Subcommittee to ensure that each VR&E office includes at least one DVOP among its staff. Coordination of efforts between VR&E and VETS must also continue to ensure the establishment of the key Task Force recommendation to employ the new Five-Track system of services to be available to disabled veterans consisting of:

- Return to Work (reemployment with their previous employer);
- Rapid Access to Employment;
- Self-Employment;
- Employment Through Long Term Services; and
- Independent Living

STATEMENT OF
BRIAN E. LAWRENCE
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
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UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 9, 2006

Mr. Chairman and Members of the Subcommittee:

On behalf of the 1.2 million members of the Disabled American Veterans (DAV), I appreciate the opportunity to present our views on the Department of Veterans Affairs (VA) Vocational Rehabilitation and Employment Program (VR&E) contract services and its coordination with the Department of Labor (DOL) Veterans Employment and Training Service (VETS). The DAV was founded on the principle that the nation's first obligation to veterans is rehabilitation of its wartime disabled. Along with quality health care and adequate compensation, this principle envisions gainful employment as a primary step toward rehabilitation. It is our duty as a grateful nation to ensure that those who have sacrificed so dearly in the name of freedom have the opportunity and support needed for self-sufficiency.

The VR&E program is responsible for providing services and assistance to service-connected disabled veterans that will enable them to obtain and maintain stable, gainful employment. Its mission is vitally important to the thousands of servicemembers returning from Afghanistan and Iraq with serious injuries. To better serve the needs of such honorable men and women, former VA Secretary Anthony Principi formed the VR&E Task Force, which performed a comprehensive review of VR&E activities and made extensive recommendations to improve VR&E operations. Three of its recommendations pertained directly to the focus of today's hearing. Those recommendations were:

1. VR&E should develop an initial and follow-on contract management and contractor management training program for all VR&E officers, supervisors, and staff with direct responsibility for contract activities. This recommendation was based on Task Force findings that while some technical training had been conducted, it was not comprehensive enough to provide staff the level of expertise necessary for efficient contract management.
2. VR&E should create and staff a new position at each VA Regional Office (VARO) for a contract/purchasing specialist and implement a training program for these staff as recommended above. The Task Force advised doing so because the volume of procurement actions necessitates a trained, dedicated staff to efficiently manage such activities.
3. VR&E should negotiate a new memorandum of understanding (MOU) with VETS to improve and standardize nationwide the business processes and relationships between VETS Disabled Veteran Outreach Program (DVOP) and VR&E. The purpose of the MOU would be to improve the effectiveness and efficiency of services delivery to disabled veterans.

The DAV is pleased that most of the steps have been taken to implement the Task Force recommendations. VR&E instructed each of its offices to designate at least two staff members as Contracting Officer Technical Representatives (COTR). Appropriate training classes and continued training material was provided to COTR staff members to enable them to fulfill their new responsibilities.

VR&E has developed a priority list to ensure that VAROs specify that new full-time employee (FTE) positions fulfill the second Task Force recommendation. VR&E also established a Contract Specialist position at the VA Central Office in order to address national contracting issues and ensure better oversight of VR&E contracting activities in the field.

A newer MOU was created between VR&E and VETS that replaced the earlier 1995 MOU. The two agencies agreed to establish three joint work groups to improve the quality of employment services and job placement services for disabled veterans. Each work group will have a list of responsibilities to direct its efforts. The three work groups will focus on the following areas:

- Performance measures for assessment of partnership program results
- National Veterans' Training Institute (NVTI) curriculum design
- Joint data collection, analysis, and reports

The three workgroups are critical to the MOU and the expansion of cooperative efforts between VR&E and VETS. While the cooperation and teamwork between VR&E and VETS has improved since the Task Force released its recommendations, progress remains to be completed. The DAV encourages the two agencies to fully establish the workgroups and continue to expand on their mutual goals to provide quality employment services to disabled veterans. Accordingly, DAV encourages the Subcommittee to ensure that each VR&E office includes at least one DVOP among its staff.

Coordination of efforts between VR&E and VETS must also continue to ensure the establishment of the key Task Force recommendation to employ the new Five-Track system of services to be available to disabled veterans consisting of:

- Return to Work (reemployment with their previous employer);
- Rapid Access to Employment;
- Self-Employment;
- Employment Through Long Term Services; and
- Independent Living

The Five-Track system provides an array of services that recognize the variant needs of individual disabled veterans. To be fully effective, the Five-Track system will require teamwork between VR&E and VETS to ensure clients receive all services appropriately suited to each disabled veteran. In accordance with resolutions adopted by the delegates to the DAV National Convention, the DAV fully supports the Five-Track system and hopes to see greater progress made in this regard.

We appreciate the Committee's interest in these issues, and we appreciate the opportunity to present the DAV's views, which we hope will be helpful.

DISABLED AMERICAN VETERANS
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FACT SHEET

BIOGRAPHICAL INFORMATION

BRIAN E. LAWRENCE
Assistant National Legislative Director
Disabled American Veterans

Brian E. Lawrence, a service-connected disabled veteran of the Persian Gulf War, was appointed Assistant National Legislative Director of the million-member-plus Disabled American Veterans (DAV) in August 2002. He is employed at DAV National Service and Legislative Headquarters in Washington, D.C.

As a member of the DAV legislative team, Mr. Lawrence works to support and advance the federal legislative goals and policies of the DAV to assist disabled veterans and their families, as well as guarding current veteran's benefits and services from legislative erosion.

Mr. Lawrence joined the DAV professional National Service Officer (NSO) staff as an NSO Trainee at the DAV NSO Training Academy in Denver, Colorado in March 1995. He graduated as a member of Academy Class II in July 1995 and was assigned as an NSO to the DAV National Service Office in Salt Lake City, Utah, where he was promoted to Supervisor in July 1996. He was transferred to the National Service Office in St. Petersburg, Fla. in September 1997. He served there, as Assistant Supervisor, until his current appointment.

A native of Muscatine, Iowa, Mr. Lawrence enlisted in the U.S. Navy in 1984. After training as a U.S. Navy Diver, his assignments included Special Boat Unit XIII, Coronado, Calif.; and Explosive Ordnance Disposal, Mobile Unit 9, San Francisco. He fractured his right leg, during a parachute landing at Ft. Benning, Ga., in 1991 and was honorably discharged in 1992 at the rank of Petty Officer 2nd Class.

Mr. Lawrence earned his Bachelor of Science degree at Southern Illinois University and his Master of Business Administration degree from Florida Metropolitan University.

A life member of DAV Chapter 1, Washington, D.C., Mr. Lawrence and his wife, Linda, reside in Millersville, MD.

08/05

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received $55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received $8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.

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Statement of Judith Caden
Director, Vocational Rehabilitation and Employment Service
Before the Committee on Veterans' Affairs
Subcommittee on Economic Opportunities
United States House of Representatives
March 9, 2006

Mr. Chairman and Members of the Subcommittee, thank you for inviting me to appear before you today to discuss specific elements of the Department of Veterans Affairs' Vocational Rehabilitation and Employment (VR&E) Program. In keeping with your request, I will begin by talking about VR&E's contracting process, costs, and management. Then, I will discuss our partnering activities with the Department of Labor's Veterans Employment and Training Service (VETS). I am pleased to be accompanied by Mr. Jerry Braun, Deputy Director of VR&E Service, and Mr. Jan Frye, Deputy Assistant Secretary, Office of Acquisition and Materiel Management.

VR&E Contracting Process

The Vocational Rehabilitation and Employment program utilizes contractors to supplement and complement the services provided by VR&E staff to veterans participating in the each of the VR&E programs. A National Acquisition Strategy (NAS) was instituted in order to standardize and streamline the acquisition procedures used by VR&E staff to obtain contractors who provide these services to veterans. The NAS resulted in a list of qualified service providers for each regional office for the following three categories of services: Initial Vocational Assessments and Evaluations, Case Management and Rehabilitative Services, and Employment Services.

Two hundred and forty-one firm, fixed-priced, indefinite delivery/indefinite quantity contracts were awarded as a result of the NAS. The contractors were selected by region to ensure veterans would have access to the services within a 50 to 100 mile radius of their residence. The initial base period of the current NAS contract's period of performance was October 1, 2002 through September 30, 2003. VA has renewed the contract in each of the next three years of a four-year option.

The Office of Inspector General (OIG) recently conducted an evaluation of the contract and identified several vulnerabilities in this contracting process. As a result, we have decided not to go forward with the final option year. Instead we are in the process of issuing a new NAS for a five-year period starting in fiscal year 2007. The vulnera-

bilities identified by the OIG in combination with our past experience will help to ensure that we improve upon the previous NAS contracts. We are currently developing a market research strategy to determine price reasonableness and VR&E's negotiation position. We are also reviewing modifications made to existing contracts to fully define our contracting requirements. A draft statement of work has been developed and is currently being reviewed within the Department.

Contracting Costs

Expenditures for the base year under the current NAS (October 1, 2002, through September 30, 2003) were $8.7 million. Expenditures for the first option year (October 1, 2003, through September 30, 2004) were $7.2 million. Expenditures for the second option year (October 1, 2004, through September 30, 2005) were $8.3 million. We expect to spend $8.9 million this fiscal year. Funds are monitored and an appropriate distribution of allowances is made throughout the fiscal year to the Regional Offices.

Contract Management and Oversight

VR&E Officers are responsible for management and oversight of the contracting activities at their stations. They ensure that acquisition procedures requiring separation of duties are followed and that vocational rehabilitation counselors make appropriate use of these contracting resources. Proposed expenditures are obligated by the VR&E Officer, the work performed by the contractors is monitored by counselors, and payments are approved by the VR&E Officer.

VR&E Officers review a representative sample of cases each month which includes an assessment of work conducted by the contractors as well as a review of fiscal activity including contract payments. In addition, VR&E Officers conduct systematic analyses of operations on a regular basis. One of the required reviews is on contracting activity.

Overall contract expenditures at a given regional office are tracked via our corporate management reports. Each station receives an allocated contract budget for the fiscal year. Funds are obligated against the station's allocation. VR&E Officers must closely monitor their funds and expenditures to ensure that their balance is adequate to provide services throughout the fiscal year.

VR&E Officers complete a Past Performance/Quality Assurance Questionnaire on a quarterly basis for the NAS Contracts. The ques-

tionnaire documents contractor performance and ensures corrective actions are taken in the event that performance is deficient.

In order to manage contracting activities, each Regional Office is required to have 2 Basic Level Warranted Contracting Officers (COs) and at least 2 Contracting Officer's Technical Representatives (COTRs). The Basic Level Warranted COs are VR&E Officers and Assistant VR&E Officers who may bind the Government to the extent of the authority delegated to them, which is not to exceed $100,000. These individuals were issued warrants upon successful completion of a mandatory 40-hour training requirement. To meet the training requirement, VR&E Service disseminated training materials and instruction to complete the Simplified Acquisition Procedures (SAP) Training on CD-ROM (16 hours) and the 24-hour online COTR Training. To date, 115 warrants have been issued to qualified VR&E Officers and Assistant VR&E Officers.

The COTRs assist the Contracting Officer in the administration and coordination of VR&E contracts. The COTRs are responsible for quality assurance, contract monitoring, conducting quality assurance reviews, and serving as the primary point of contact for the Contractor. Upon successful completion of the training, the National Contracting Officer issues a Letter of Delegation. To date, 256 COTR Letters of Delegation have been issued.

We have expanded the VR&E Site Visit protocol to require a review of contracting activities, such as contract agreements and disbursements, to ensure the station is adhering to the contracting guidelines for local and NAS contracts. Additionally, the site visit team reviews contract documentation to ensure required justifications for contractor selection are in place.

Implementation of MOA with DOL VETS

The second topic you requested that I address is the Memorandum of Agreement (MOA) VA has with the Department of Labor (DOL). VR&E and DOL's Veterans' Employment and Training Service (VETS) continue to work in partnership to provide comprehensive employment services with a focus on providing veterans with service-connected disabilities access to suitable employment opportunities.

On October 3, 2005, VR&E and VETS signed a revised MOA with the goal of improving service delivery to veterans with service-connected disabilities. The MOA expands and solidifies our cooperation as partners in case management, employment services, communication, reporting, oversight and monitoring, and accountability. These

activities are all necessary to assist veterans to successfully achieve their rehabilitation goals.

Associated with the MOA, VR&E in partnership with VETS provided the guidelines and parameters for three workgroups that will develop recommendations to overcome the critical challenges facing the partnership. They are:

- Developing and implementing effective performance measures for assessing the results of partnership activities;
- Developing a joint training curriculum design for use at the National Veterans' Training Institute (NVTI); and
- Developing a methodology for joint data collection, analysis, and reporting.

Each workgroup is comprised of three members from VR&E and VETS, and is co-chaired by both VR&E and VETS staff. By early to mid-summer each workgroup is expected to submit its final report which will include recommendations to address these gaps in the partnership process.

Implementation of the MOA with VETS has been made easier with the co-location of 72 Disabled Veterans Outreach Program (DVOP) specialists at 36 VA Regional Offices and 36 outbased facilities. At these offices, DVOP specialists and VR&E staff work together to provide efficient and effective delivery of employment services. Both groups are able to access the same resources and online technologies such as the VR&E job resource labs and VetSuccess.gov.

VR&E's goal of achieving excellence in the delivery of employment services requires that we establish and maintain close working relationships with our VETS partners. VR&E's Employment Coordinators are an integral resource in the delivery of employment exploration, job readiness, and job placement services. To ensure that these services are provided in a comprehensive, timely, and individualized manner, Employment Coordinators partner with DVOP specialists and Local Veterans Employment Representative (LVER) staff. As partners, they assess the feasibility of employment services, recommend an appropriate vocational rehabilitation plan with the goal of suitable employment or independent living, and deliver job readiness skills training and job placement services. Our Employment Coordinators are helping to build a better VR&E/ VETS partnership structure by performing critical liaison activities between VR&E rehabilitation counselors and the DVOPs/LVERs at the local level.

Earlier I mentioned VetSuccess.gov, VR&E's newly developed "online" employment resource that enables users to explore the features

and benefits offered by the VR&E Program and apply for benefits. Users benefit from orientation to VR&E programs, expert vocational advice, rich labor market resources, and career development tools. The website also expands career networking relationships through our working partnership module. This module integrates the support of employers, VETS staff, educators, and faith and community-based resources for veterans seeking comprehensive online career solutions. VetSuccess.gov is an important tool for VR&E and we are pleased that our VETS partners are included as both users and as a resource under the partnership module.

We have also included our VETS partners in the national deployment of the 5-Track Employment model. The 5-Track Employment model is an improved integrated, employment-driven service delivery system that renews the focus on presenting employment options early in the rehabilitation planning process. At our invitation, VETS staff have attended and participated in training sessions implementing the model – three DVOP specialists attended the pilot training sessions, six VETS regional and state representatives attended the Employment Coordinators' Training at NVTI this past November, and more recently, six representatives attended the Southern Area training conference held last month. Additionally a VETS senior staff person addressed each conference. We look forward to our VETS partners participating in the remaining three area training sessions.

VR&E has enjoyed success in several other partnership activities with VETS. In addition to what has already been mentioned, VR&E staff coordinated with VETS staff and shared resources at the New York Times Job Fair held on November 10, 2005; presented a briefing on VR&E services at VETS' Homeless Veterans Reintegration Grantees Program conference and jointly produced and presented satellite training broadcasts on the Disabled Veterans' Hiring Initiative (DVHI) and the Uniformed Services Employment and Reemployment Rights Act. Also, VETS' representatives delivered presentations at the last two VR&E Management Training Conferences. Additionally, VR&E presented a briefing on the 5-Track Employment Model at the National Association of State Workforce Agencies (NASWA) conference. NASWA represents the State Workforce Agencies and is a partner/stakeholder with VETS.

Mr. Chairman, I believe we are making progress in forging an effective partnership with VETS, and veterans with service-connected disabilities are benefiting from our progress through the availability and delivery of more comprehensive employment services. My staff and I meet with our VETS counterparts on an on-going basis. We have developed the VR&E Employment Model so that from a service

delivery point of view, local DVOP specialists, LVER staff and VETS federal staff consultation/assistance is detailed and emphasized in each of the 5 tracks. Finally, we look forward to receiving and acting upon the recommendations we receive from the three joint workgroups on the critical issues which currently challenge the partnership.

From our standpoint Mr. Chairman, the VR&E/VETS partnership is alive and well and continuing to gain momentum and strength through our ongoing communications and joint participation in training activities and development of effective employment policies.

Mr. Chairman, this concludes my testimony. I greatly appreciate being here today and look forward to answering any questions you or other Members of the Subcommittee may have.

TESTIMONY OF
CHARLES S. CICCOLELLA

ASSISTANT SECRETARY FOR
VETERANS' EMPLOYMENT AND TRAINING
U.S. DEPARTMENT OF LABOR

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

MARCH 9, 2006

Mr. Chairman and members of the Committee:

I am pleased to appear before you today to discuss the collaborative efforts of the Department of Labor's Veterans' Employment and Training Service to work with the Department of Veterans Affairs' (VA) office of Vocational Rehabilitation and Employment (VR&E) Service and our joint efforts to implement our latest Memorandum of Agreement (MOA).

The current MOA was signed on October 3, 2005. The new MOA updates and replaces the MOA signed by our two agencies in 1995. However, expanded collaboration between VETS and VR&E started well before the signing of the new MOA. A signed copy of the MOA and our implementing instructions are attached.

VR&E and VETS work in partnership, along with State Workforce Agencies (SWAs), on behalf of VR&E job ready veterans who are referred to, and registered with, the SWAs for intensive employment services. During FY 2005, 4,524 service-connected disabled and special disabled veterans who were referred to, and registered with, the workforce investment system became gainfully employed. This is up from previous years. (See chart below.)

Comparison of VR&E Activity (Quarter 4, FY 2003 through Quarter 4, FY 2005)

	FY 2004	FY 2005	# Difference	% Difference
# Referred from VA to SWA	5,526	6,980	+1,454	+26%
# Registered by SWA	5,056	6.092	+1,036	+20%
# Entered Employment	3,619	4,524	+905	+25%
*Average Entry Wage	$12.35	$13.78	+$1.43	+12%

*Average entry wage is an optional entry for all states. On average, 48 states report entry wage data.

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.

Participation on Joint Committees and Task Forces

In addition to implementing the MOA, VETS works with VR&E and VA in other ways:

- A VETS staff person is a member of the Veterans Advisory Committee on Rehabilitation. This committee reviews and makes recommendations to the Secretary of Veterans Affairs on all rehabilitation issues including those affecting policies and programs administered by VR&E.

- A staff member represents VETS on the VA Advisory Committee on Women Veterans. This committee reviews and makes recommendations on issues specifically related to women veterans.

- VETS works closely with VR&E, as well as the Department of Defense, on issues involving transition of active duty service members. VETS chairs a Transition Assistance Program Steering Committee with the Department of Defense, on which VR&E and other VA interests are represented.

- VETS also participated on the VR&E Task Force on Vocational Rehabilitation. This group developed the Five Track System currently being implemented at four VA Regional Offices. The Five-Track process consists of five tracks or options that are available to a VR&E (Chapter 31) eligible disabled veteran. The VA advises the disabled veteran of these tracks and the benefits of each and the veteran is able to make an informed choice of which one best fits his or her career plans. The veteran may switch between tracks if circumstances warrant. The Five Tracks are:

    1. Re-employment
    2. Rapid Access to Employment
    3. Self-Employment
    4. Employment through Long-Term Services
    5. Independent Living

Other collaborative efforts

VETS senior staff participated in VR&E's last two national training conferences. VR&E staff also frequently participates in Local Veterans Employment Representatives (LVER) and Disabled Veterans Outreach Program (DVOP) state training conferences. I have met with the VA's Under Secretary for Benefits, and can tell you that we share a commitment to improving employment outcomes for VR&E participants. In addition, VETS senior

staff now schedules regular meetings (every four to six weeks) with the VR&E to discuss current issues of mutual concern.

In 2004, VETS and VR&E coordinated a teleconference with all VR&E offices and VETS field staff on the Uniformed Services Employment and Reemployment Rights Act (USERRA). Subsequently, VETS staff and VR&E staff participated in a similar broadcast for the Disabled Veterans Hiring Initiative (DVHI). DVHI is a VETS initiated effort to educate Federal employers and others about special appointing authorities available to hire certain veterans in the Federal workforce noncompetitively. This information can be very beneficial to VR&E staff working with clients who are interested in Federal employment.

Recently, VETS initiated a study to evaluate vocational rehabilitation referrals to DVOP specialists in local SWAs, and subsequent registration for employment services by job ready VR&E clients. The study will help determine the impact of the delivery system on this category of disabled veterans.

One objective of this study is to assist in determining future service delivery strategies for this targeted population. This project will provide valuable information, which will improve collaboration between VR&E staff and SWAs, as required by statute (P.L.107-288). The results of this study should be available in May 2006.

Our collaborative efforts have also extended to veterans-related publications. For instance, VETS' National Veterans Training Institute (NVTI) publishes a quarterly e-newsletter known as *VETS NET*. Judy Caden, the Director of VR&E, contributed an article on the "National Deployment of the Five Track Employment Process" for our January 2006 issue. That same issue contained a link to our Veterans Program Letter (VPL) transmitting the new MOA. This NVTI newsletter is distributed to over 3,400 individuals who are involved in veterans employment and training nation-wide.

Finally, since the MOA was signed, VR&E has also conducted two training programs at the NVTI. VETS' national, regional and state staff participated in this training. In fact, our national office staff made presentations at both sessions.

VR&E MOA Workgroups

We have established three work groups identified in the new MOA. Both sides have identified the individuals who will participate in those work groups.

The goal of each work group is to improve the quality of employment services and job placements for veterans with disabilities. Each work group will have an established list of roles and responsibilities that will direct their efforts. The work groups are:

- Performance Measures for Assessment of Partnership Program Results
- National Veterans' Training Institute: Curriculum Design
- Joint Data Collection, Analysis, and Reports

Two VETS representatives from the national office and two VETS regional representatives will participate on all three workgroups. VETS will also furnish to VR&E our quarterly data on the referrals received from VR&E who registered for employment services and entered employment.

VETS and VR&E know the importance of our mission. We have a lot to accomplish and we believe we are on the right track. In fact, the relationship and collaboration between VETS and VR&E is the best it has ever been.

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

NATIONAL MEMORANDUM OF AGREEMENT

BETWEEN:

DEPARTMENT OF VETERANS AFFAIRS
VETERANS BENEFITS ADMINISTRATION
VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICE (VR&E)

AND

DEPARTMENT OF LABOR
VETERANS' EMPLOYMENT AND TRAINING SERVICE (VETS)

Washington, DC

A. PURPOSE

The Department of Veterans Affairs, Vocational Rehabilitation and Employment (VR&E) Service and the Department of Labor, Veterans' Employment and Training Service (VETS) concur that the successful readjustment of disabled veterans into the civilian workforce is a mutual responsibility and concern. In order to advance, improve, and expand the employment opportunities for veterans with disabilities, both parties of this MOU commit themselves to active cooperation and coordination in meeting the goals set forth in this agreement.

B. AUTHORITY

This agreement is authorized in accordance with 38 U.S.C. §4102A(b)(3).

C. TERMS

VETS and VR&E personnel in their respective agencies, as well as those employed with their federally funded agencies and programs, shall work together to maximize the provided services that will lead to the ultimate goal of successful long term career placement for disabled veterans. Both parties agree to provide a seamless employment transition that will eliminate all duplication, fragmentation, or delay in delivery of needed employment services.

VETS and VR&E understand that the primary purpose of the VA's Vocational Rehabilitation Program is to assist disabled veterans to obtain meaningful employment that is within the limitations imposed by the

disability (s) and consistent with the veteran's abilities, aptitudes, and interests.

Beginning as early as possible in the rehabilitation process, including orientation and initial labor market analysis, VETS and VR&E agree to improve employment outcomes for all vocational rehabilitation program participants by enabling local representatives from both parties to take a team approach to job development and placement activities. The team approach will ensure that quality employment services will be provided to all VR&E participants. Members of each employment team will include the VR&E Case Manager, VA Employment Coordinator/Employment Specialist, a Disabled Veterans Outreach Program (DVOP) Specialist or Local Veterans Employment Representative (LVER), and the VR&E participant. All VR&E participants will be advised of the benefits of registering for employment assistance and will be encouraged to register with their State Workforce Agency. To promote these efforts, the participants and local representatives from both organizations are required to establish and maintain an effective mechanism for referral and service delivery.

1. Data sharing activities between all interested parties is critical to a successful partnership. VETS and VR&E will share information and coordinate objectives, as appropriate, to carry out and support the goals of this agreement. The information exchanged shall be used to facilitate employment services to participating veterans. VETS and VR&E will share information and data accessed from Unemployment Insurance (UI) Wage Records and other administrative wage records as may be available to each agency, in strict compliance with the Privacy Act of 1974 (privacy Act). All information from interviews, counseling, testing, and assessment will be used by each agency under documented consent from participants, also in accordance with the Privacy Act, and other applicable regulations. Each agency agrees to provide practical and appropriate safeguards for participant information on vocational rehabilitation clients, in accordance with applicable regulations and laws, including: The Americans with Disabilities act of 1990; the Rehabilitation Act of 1973; Title VII of the Civil Rights Act of 1964; and Health Insurance Portability and Accountability Act (HIPAA).

2. Both VETS and VR&E agree to establish and maintain management information systems that will enable accurate yearly reporting. These reports will include: total number of VR&E program participants; total

number of VR&E participants referred to DVOPs and of those the total number registered for employment services; total number of participants who entered suitable employment; and, total number of participants who maintained suitable employment for 180 days or more. Both parties agree to establish performance measures.

3. VETS and VR&E agree to establish three joint work groups with the goal of improving the quality of employment services and suitable job placements for veterans with disabilities. Each work group will have an established list of roles and responsibilities that will direct their efforts. The work groups are:

- Performance Measures for Assessment of Partnership Program Results
- National Veterans' Training Institute (NVTI): Curriculum Design
- Joint Data Collection, Analysis, and Reports

Delivery of a high quality and results driven workforce program requires continual process improvement, evaluation, and identification of best practices. VETS and VR&E agree to consult with recognized experts in the field, on the design, process, service-delivery, and outcome measures for the joint workforce partnership activities.

In evaluating performance of their respective staff members, managers from both organizations will consider documented effectiveness of partnership activities between VR&E staff and DVOP and/or LVER staff. VETS and VR&E will establish and monitor common goals and measures within each Memorandums of Agreement executed with state partners. Corrective action will be taken when goals are not met.

VETS and VR&E will encourage local and, where appropriate, national participation in joint training workshops, meetings, and seminars for the exchange of professional knowledge. In addition, both parties agree to fully engage in discussions on emerging placement issues and strategies, and will, on a continuing basis, promote the suitable employment of disabled veterans.

4. VETS will appoint a Point of Contact (POC) for the provision of employment services. This POC will work closely with the VR&E staff located in each VA Regional Office's service area.

Upon agreement between VETS, its state partners and VR&E, where and when appropriate, and to the extent feasible, a DVOP or other designated individual will be co-located or otherwise provide itinerant coverage to VR&E participants to facilitate the registration of disabled veterans with the appropriate service provider.

D. EFFECT OF AGREEMENT

This agreement does not in itself authorize the expenditure or reimbursement of any funds. Nothing in the agreement shall obligate the parties to expend appropriations or other monies, or to enter into any contract or other obligation.

This agreement is an internal Government agreement and is not intended to confer any right upon any private person.

This agreement will be executed in full compliance with the Privacy Act of 1974.

Further, this agreement shall not be interpreted to limit, supersede, or otherwise affect either party's normal operations or decisions in carrying out its mission, or statutory or regulatory duties. This agreement does not restrict the parties from participating in similar activities or arrangements with other entities.

E. TERMINATION

This agreement shall become effective upon the date of signature of the underlined parties and shall remain in effect until terminated by either party with 30 days written notice.

Signed in Washington, DC this 3rd day of October, 2005.

CHARLES S. CICCOLELLA
Assistant Secretary for
Veterans' Employment and
Training
Department of Labor

JUDITH A. CADEN
Director
Vocational Rehabilitation and Employment
Veterans Benefits Administration
Department of Veterans Affairs

U.S. Department of Labor

Assistant Secretary for
Veteran's Employment and Training
Washington, D.C. 20210

November 8, 2005

VETERANS' PROGRAM LETTER NO. 01-06

TO: ALL REGIONAL ADMINISTRATORS AND DIRECTORS FOR VETERANS' EMPLOYMENT AND TRAINING
ALL STATE WORKFORCE AGENCY (SWA) ADMINISTRATORS
ALL REGIONAL ADMINISTRATORS, EMPLOYMENT AND TRAINING ADMINISTRATION (INFO)

FROM: CHARLES S. CICCOLELLA

SUBJECT: Newly Executed National Memorandum of Understanding between the Department of Veterans Affairs Veterans Benefits Administration's Vocational Rehabilitation and Employment and the Department of Labor's Veterans' Employment and Training Service

I. **PURPOSE:** To transmit the National Memorandum of Agreement on the VR&E program to DVETs through RAVETs and provide guidance on reviewing and/or developing local cooperative agreements.

II. **REFERENCES**: Title 38 United States Code (U.S.C.), Chapter 41, Section 4102A(b)(3) (38 U.S.C. §4102A(b)(3)).

III. **RESCISSIONS/SUPERCESSIONS**: This guidance supersedes the following Veterans' Program Letters (VPL): VPL 8-95, Implementation of the Memorandum of Understanding between the Department of Veterans Affairs, Vocational Rehabilitation and Counseling Service and the Department of Labor, Veterans' Employment and Training Service, dated September 1, 1995, VPL 14-89, Cooperative Agreement between the Department of Labor and the Department of Veterans Affairs, dated August 17, 1989 and the Memorandum of Understanding between the Department of Veterans Affairs, Vocational Rehabilitation and Counseling Service and Department of Labor, Veterans' Employment and Training Service, dated August 1, 1989.

IV. **BACKGROUND:** The Assistant Secretary for Veterans' Employment and Training (ASVET) is required to coordinate placement efforts for eligible veterans who participate in and complete a program of vocational rehabilitation provided by the Department of Veterans

Affairs (VA). The Jobs for Veterans Act of 2002 amended the duties of the ASVET to ensure local coordination of effort for vocational rehabilitation clients. 38 U.S.C. §4102A(b)(3) reads:

> "Ensure that maximum effectiveness and efficiency are achieved in providing services and assistance to eligible veterans under all such programs by coordinating and consulting with the Secretary of Veterans Affairs with respect to (A) programs conducted under other provisions of this title, with particular emphasis on coordination of such programs with readjustment counseling activities carried out under section 1712A of this title, apprenticeship or other on-the-job training programs carried out under section 3687 of this title, and rehabilitation and training activities carried out under chapter 31 of this title and (B) determinations covering veterans' populations in a State."

In compliance with the citation above, the ASVET and Director of VA Vocational Rehabilitation & Employment (VR&E) signed a new agreement on October 3, 2005. Terms of the agreement include coordination to effect long term career placements for disabled veterans through provision of a "seamless employment transition that will eliminate all duplication, fragmentation, or delay in delivery of needed employment services."

V. **GUIDANCE:** The new agreement defines a team of local service providers that includes the VR&E Case Manager, VA Employment Coordinator/Employment Specialist, a Disabled Veterans' Outreach Program (DVOP) specialist or Local Veterans' Employment Representative (LVER), and the VR&E participant. These participants work together to ensure quality employment services are provided to all VR&E participants.

The attached MOU highlights four joint actions critical to effective referral and service delivery for VR&E participants:

- Effectively share data and records within regulatory constraints;
- Accurately report participant referral, registration and outcomes;
- Establish three joint work groups to assess program results, develop training curriculum and collect, report and analyze data; and
- Establish a VETS Point of Contact in each VA Regional Office area.

Local Memorandums of Understanding (MOUs) and/or cooperative agreements should be developed or reviewed and updated where necessary to ensure all affected parties meet the requirements of the new National MOU.

VI. **ACTIONS REQUIRED:**

A. State Workforce Agency staff and/or local board personnel will meet with their Director for Veterans' Employment and Training (DVET) to review the National MOU requirements and local agreements in place to determine if changes are needed.

B. DVETs will provide their Regional Administrator for Veterans' Employment and Training (RAVET) with a plan to update existing agreements or develop new local agreements as needed by December 31, 2005.

C. DVETs will make copies of all MOUs and/or local agreements available to the Regional Office in accordance with instructions provided by their RAVET.

VII. **INQUIRIES:** Any questions regarding this VPL should be addressed to the Chief, Division of Employment and Training Programs at 202-693-4708.

VIII. **EXPIRATION DATE:** Effective until superseded.

IX. **ATTACHMENTS:**

A. National Memorandum of Agreement between VA VR&E and VETS.

B. Department of Veterans Affairs VR&E Letter 28-05-19 - Subject: Memorandum of Agreement Between the Vocational Rehabilitation and Employment (VR&E) Service and Veterans' Employment and Training Service (VETS).

DEPARTMENT OF VETERANS AFFAIRS
Veterans Benefits Administration
Washington, DC 20420

October 19, 2005

VR&E Letter 28-05-19 **In Reply Refer To:** 28

Director (00)
All VA Regional Offices and Centers

SUBJ: Memorandum of Agreement Between the Vocational Rehabilitation and Employment (VR&E) Service and Veterans' Employment and Training Service (VETS).

On October 3, 2005, VR&E Service signed the enclosed Memorandum of Agreement (MOA) with VETS. The memorandum highlights the support and commitment of both VR&E and VETS to the successful readjustment of disabled veterans from active military service to civilian employment. The agreement builds on the prior achievements of VR&E and VETS, which assists veterans with service-connected disabilities prepare for, find, and keep suitable employment.

What are the Highlights of the MOA? Representatives from both organizations will:

- Meet regularly to discuss progress on present collaborative efforts and future strategies to improve employment opportunities for disabled veterans;
- Establish and maintain an effective mechanism for a seamless referral and service delivery system; and,
- Establish three joint work groups on joint data sharing and collection, performance analysis, and training with the goal of improving the quality of employment services and suitable job placements for veterans with disabilities.

VR&E Letter

How can you access VETS and review the new MOA? If your station already has a relationship with your State VETS organization, please continue your existing partnership. VR&E Offices can access more information about VETS and their local offices, by going to their website at www.dol.gov/vets. We encourage you to link to VETS by going to the vetsuccess.gov home page:

- Click on partners link on the left side of the page
- Click on the Department of Labor's Veterans Employment and Training Service (VETS) link on the partners page
- Click on Memorandum of Agreement (MOA) to review or print

What you need to do about your existing MOA? Each station must have a current MOA with their state VETS office. VR&E Officers should review their current MOA and amend or update, if applicable.

Who should you contact for further information? If you should have any questions, please contact Bob Roundtree at 202.273.5916 or robert.roundtree@vba.va.gov.

We look forward to our renewed partnership with VETS and we appreciate their commitment to working with disabled veterans.

/s/
Judith A. Caden,
Director, Vocational Rehabilitation and
Employment Service

Enclosure

"VRE-VETS Mou Fina 10-05-05.doc"

STATEMENT FOR THE RECORD OF

PARALYZED VETERANS OF AMERICA

BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS,

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

CONCERNING

THE DEPARTMENT OF VETERANS AFFAIRS'

VOCATIONAL REHABILITATION AND EMPLOYMENT PROGRAM

MARCH 9, 2006

Chartered by the Congress of the United States

801 Eighteenth Street, NW ★ Washington, DC 20006-3517
phone:(202) 872-1300 ★ tdd:(202) 416-7622 ★ fax:(202) 785-4452 ★ www.pva.org

EXECUTIVE SUMMARY

Secretary Principi forms the Vocational Rehabilitation and Employment (VR&E) Task Force

- Task Force releases report making recommendations in March 2004
- Focus of VR&E needs to be employment, not education and training
- Most important recommendation is the Five-Track Employment Process

PVA recognizes the need for contract services to provide VR&E services

- Due to the fact that VR&E is limited in resources and staff, it is often forced to contract vocational rehabilitation services to private and state level entities
- If veterans live in areas where VR&E has no representative, they must rely on contract services
- However, PVA believes that the VA is ultimately the best provider of services
- Still have concerns about contract services
    - We believe that contract services are often more expensive than services provided directly by the VA
    - We also do not think that contractors necessarily have the best interest of the veteran in mind

Concerns of PVA

- Often severely disabled veterans needing DTAP services fall through the cracks
- Constraints on availability of Independent Living services
    - The VA should not be constrained from providing services by an arbitrary cap on new cases or a limited amount of time to provide services

Spinal Cord Injury - Vocational Integration Program (SCI-VIP)

- A new five-year research project that will attempt to greatly improve the employment rate of veterans with spinal cord injury.
- It will be conducted at four spinal cord injury/dysfunction (SCI/D) centers – Dallas, Milwaukee, San Diego and Cleveland - with control groups at the Houston SCI/D center and at the Hines SCI/D center in Chicago.
- The project will inject vocational rehabilitation counselors (VRC) directly into the medical rehabilitation process to provide "hands-on" vocational assistance throughout rehabilitation.

Chairman Boozman, Ranking Member Herseth, members of the Subcommittee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to submit a statement for the record on the Department of Veterans Affairs' (VA) Vocational Rehabilitation & Employment program (VR&E). In response to criticisms about the VR&E program, the former Secretary of Veterans Affairs, Anthony Principi, formed the VR&E Task Force to conduct an ". . . unvarnished top to bottom independent examination, evaluation, and analysis." The Secretary asked the Task Force to recommend "effective, efficient, up-to-date methods, materials, metrics, tools, technology, and partnerships to provide disabled veterans the opportunities and services they need" to obtain employment. In March 2004, the Task Force released its report recommending needed changes to the VR&E program.

PVA is an organization of veterans who are catastrophically disabled by spinal cord injury or disease. Our members rely on the services provided by the VR&E program. The Independent Living program administered by the VR&E service is especially important to our members who must learn to perform daily living activities in the process of rehabilitating to obtain employment.

PVA supported the recommendations made by the VR&E Task Force. In fact, our current Deputy Executive Director was a member of the Task Force. The Task Force recommended a fundamental change in how VR&E services are provided and the structures necessary to provide them. The report emphasized that VR&E needed to focus more on actually achieving employment for a veteran and not just on education and

training. Perhaps the most important change recommended by the Task Force was the development of the Five-Track Employment Process. The process would allow a veteran participating in the VR&E program to choose one of the following services:

- Re-employment with their previous employer.
- Rapid access to employment services with new employers.
- Self-employment.
- Long-term vocational rehabilitation services including education.
- Independent living services with the possibility of employment.

Because many of the recommendations of the Task Force report focused on the internal workings of VR&E and on cultural changes in the service, it is difficult to judge how well the program has implemented other recommendations.

We do recognize the importance of contract services to the function of VR&E. Due to the fact that VR&E is limited in resources and staff, it is often forced to contract vocational rehabilitation services to private and state level entities. If veterans live in areas where VR&E has no representative, they also must rely on contract services. We accept that this is necessary to ensure that veterans have the best opportunity to achieve meaningful employment.

However, we would like to emphasize one concern that we consistently maintain when dealing with contract services of any kind. PVA believes that the VA is ultimately the best provider of services to veterans. We also believe that contract services are often more expensive than services provided directly by the VA. We also do not think that contractors

necessarily have the best interest of the veteran in mind. We urge Congress to make available adequate resources so that the VR&E services can be provided by the VA directly to all veterans seeking help.

PVA remains concerned that many of our members may not have had access to the new information being put out by VA. Often, severely disabled veterans needing Disabled Transition Assistance Program (DTAP) services fall through the cracks, especially spinal cord injured veterans who may already be getting health care and rehabilitation from a VA spinal cord injury center despite still being on active duty. Because these individuals are no longer located on or near a military installation, they are often forgotten in the transition assistance process; thus, they do not become aware of the VR&E services available to them.

PVA does have a couple of concerns with the Independent Living program. Currently, there is a cap—approximately 2,500—placed on the number of new Independent Living cases that the VA may take in each year. Likewise, Independent Living services can only be provided for a maximum of 30 months. We fully support the recommendation of the VR&E Task Force which calls for a study of the program to determine future demand and the types of services that may be needed. PVA believes that the ever-growing number of seriously disabled veterans returning from Iraq and Afghanistan could result in a significant demand for Independent Living services. The VA should not be constrained from providing services by an arbitrary cap on new cases or a limited amount of time to

provide services. Many of the newly injured veterans have complex disabilities that will require long-term management and care, to include Independent Living services.

One particular program that is currently taking place that we believe will be highly successful is the Spinal Cord Injury—Vocational Integration Program (SCI-VIP). This is a new five-year research project that will attempt to greatly improve the employment rate of veterans with spinal cord injury. It will be conducted at four spinal cord injury/dysfunction (SCI/D) centers—Dallas, Milwaukee, San Diego and Cleveland—with control groups at the Houston SCI/D center and at the Hines SCI/D center in Chicago. In short, the project will inject vocational rehabilitation counselors (VRC) directly into the medical rehabilitation process to provide "hands-on" vocational assistance throughout rehabilitation. The VRCs will make employment a priority component of the rehabilitation process.

PVA has strongly supported this concept since it was first proposed by Dr. Lisa Ottomanelli at the Dallas SCI Center. We hope that the VA will expand this program to benefit spinal cord injured veterans across the country. We would also urge Congress to make available additional funds within the research program to support this project.

In closing, PVA believes that it is vital that the VR&E program maintains a close partnership with the Department of Labor's (DOL) Veterans Employment and Training Service (VETS). It is essential that the VA be involved in the Transition Assistance Program (TAP) and DTAP administered by VETS. The DTAP program allows disabled

veterans to get early exposure to the VR&E services for which they are eligible. For this reason, we recommend, in accordance with *The Independent Budget*, that the Veterans Benefits Administration (VBA) assign primary responsibility for the planning and administration of VA's responsibilities in the DTAP program to the VR&E service and designate a DTAP manager. Currently, the DTAP program is not consistently administered throughout the county. It is essential that VETS and VA work this problem out so that disabled veterans get access to the vocational rehabilitation services to which they are entitled.

We support the recommendation made by the Task Force which calls for a Veterans Rehabilitation and Employment Working Group led by VA and composed of representatives of the Veterans Health Administration, VBA, VR&E, DOL-VETS, Department of Defense, and State Administrators of Vocational Rehabilitation. This partnership will facilitate better employment services provided across a broader spectrum for veterans. This would be especially true if a closer relationship between the Disabled Veteran Outreach Program (DVOP) specialists and VR&E staff existed.

We strongly urge the VA to continue to move forward on the recommendations made by the VR&E Task Force. PVA looks forward to working with this Subcommittee to ensure that the VA pursues meaningful reforms to the VR&E service.

We would like to thank you again for the opportunity to submit a statement for the record. We would be happy to answer any questions that you might have. Thank you.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2005

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $228,000 (estimated).

Paralyzed Veterans of America Outdoor Recreation Heritage Fund – Department of Defense -- $1,000,000.

Fiscal Year 2004

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $228,000 (estimated).

Fiscal Year 2003

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $228,803.

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STATEMENT FOR THE RECORD

STATEMENT OF

DAVID G. GREINEDER
AMVETS DEPUTY NATIONAL LEGISLATIVE DIRECTOR

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE U.S. DEPARTMENT OF VETERANS AFFAIRS
VOCATIONAL REHABILITATION AND EMPLOYMENT
PROGRAM

THURSDAY, MARCH 9, 2006
334 CANNON HOUSE OFFICE BUILDING
10:00AM

EXECUTIVE SUMMARY

Summary of Findings

- Over the past two decades, the VR&E program has been reviewed, assessed, and audited at least 24 times in external and internal reports, often by GAO.
- The March 2004 Task Force report to Congress recommended changes to the VR&E program. Frankly, AMVETS has yet to see evidence that VR&E efforts to obtain jobs for rehabilitated veterans are successful.
- AMVETS is very concerned that VR&E puts an emphasis on training, not employment services and employment results.
- In October 2005, VA and DOL signed a memorandum of understanding committing to work together to maximize employment services to veterans.
- We are hopeful the MOU will form a bond between the two departments and enhance employment services to veterans.
- AMVETS certainly agrees with the points made in the MOU, and is hopeful the departments will follow through on their promises.

Recommendations

1. AMVETS recommends VR&E put more focus on employment services and needs for returning servicemembers, specifically the disabled.
2. AMVETS recommends Congress evaluate the impact of disabilities on immediate and long-term employment barriers in determining eligibility for VR&E services, including making extensions beyond the 12 delimiting date.
3. AMVETS recommends VR&E reduce the caseload from the current 145 cases to a more manageable level of 100 cases per counselor.
4. AMVETS recommends VR&E modernize its technology and file sharing systems to allow for better communication with agencies, contractors, employment services and outside partnership entities.

Chairman Boozman, Ranking Member Herseth, and members of the Subcommittee:

On behalf of the nationwide membership of AMVETS, I am pleased to offer our views and recommendations to the Subcommittee on Economic Opportunity regarding the Department of Veterans Affairs Vocational Rehabilitation and Employment (VR&E) program.

AMVETS applauds this Subcommittee and its efforts to again examine VA's VR&E program. AMVETS is a staunch advocate of providing veterans with appropriate benefits and services earned through honorable military service. As a leader in helping to preserve the freedoms secured by America's Armed Forces, our organization continues its proud tradition providing not only support for veterans and the active military in procuring their earned entitlements, but also an array of community services that enhance the quality of life for this nation's citizens.

Mr. Chairman, the VR&E program is designed to help veterans with service-connected disabilities to prepare for, find, and keep suitable employment. Disabled veterans rated at 10 percent or more can apply for VR&E training and services within 12 years from the date of their service-connected award rating. With thousands of disabled veterans returning home every month, it is critical that the VR&E program provide our injured soldiers with a seamless transition from the military to successful rehabilitation and on to suitable employment.

The federal government has a special obligation to disabled veterans. Veterans with disabilities often encounter barriers to their entry into the workforce, lack accommodations on the job, or have difficulty obtaining appropriate training, education, and job skills. These difficulties in turn can contribute to low labor force participation rates and high levels of reliance on public benefits.

Over the years, many critiques have been written about the VR&E program. In the past two decades, VR&E has been reviewed, assessed, and audited at least 24 times in separate external and internal reports, often by GAO. In response to the criticism, former VA Secretary Anthony Principi formed

the Vocational Rehabilitation and Employment Task Force. The Secretary's intent was to conduct an "unvarnished top to bottom independent examination, evaluation, and analysis" of VR&E. The Task Force interviewed countless VR&E counselors, heard testimonials from users of the system, and solicited many outside and independent opinions. AMVETS contends the solid recommendations suggested in the report will enhance the opportunities and services that can enable veterans to obtain and maintain suitable employment.

In March 2004, the Task Force released its report to Congress, recommending many needed changes to the VR&E program. AMVETS looks forward to seeing these recommendations implemented, but frankly, we still have seen little evidence that VR&E efforts are successful. In the report, the Task Force identified several key problem areas that still needs to be addressed. For example:

1. The VR&E program has not been a VBA priority in terms of returning veterans with service-connected disabilities to the workforce.
2. The VR&E program emphasizes education and not employment.
3. The VR&E program has limited capacities to manage the growing workload.
4. The VR&E program must be redesigned for the 21st century.

AMVETS annually comments on the VR&E program in *The Independent Budget*, and makes recommendations that would allow the program to meet its ongoing workload demand and implement new initiatives recommended by the Task Force. Since we have been examining VR&E, we have been concerned the program puts an emphasis on training, not employment services and employment results. Reports have shown that veterans were declared rehabilitated without providing sufficient follow-up activities to make sure that the goal of long-term suitable employment was achieved. And, VR&E did not prioritize veterans with severe service-connected disabilities.

AMVETS believes that VR&E needs to put more focus on employment services and needs for returning soldiers, specifically the disabled. Initial service-connected disabilities or conditions may increase in severity over time and adversely effect the earning capacity or employability for the

veteran. We have heard reports that some disabled veterans who have applied for, and were awarded, a higher disability rating were denied VR&E services because they were beyond the 12 year rule from their initial rating date. We recommend that Congress evaluate the impact of disabilities on immediate and long-term employment barriers in determining eligibility for VR&E services, including making extensions beyond the 12 delimiting date.

The success of transitioning disabled veterans to the workforce relies heavily on VR&E's ability to provide services in a timely and effective manner. Unfortunately, the demand and expectations being placed on staff are exceeding the capacity to effectively deliver a full continuum of services. VR&E has been experiencing a shortage of staff nationwide due to insufficient funding, which has caused delays in providing services to disabled veterans. There are currently 65,000 veterans applying for VR&E services, compared to 45,000 in FY2000. At present, there are more than 96,000 veterans in various phases of VR&E compared to 70,000 in FY2000. Furthermore, there is a waiting list of more than 8,000 veterans wanting to access VR&E services. To meet these growing demands, AMVETS recommends VR&E reduce the caseload from he current 145 cases to a more manageable level of 100 cases per counselor.

AMVETS believes the VR&E program needs to drastically modernize its technology and file sharing systems. VR&E implemented its current case management and information system, WINRS, in 1997. WINRS refined and expanded the functions of the VR&E system to allow management and sharing claims information by VA offices nationwide. This was a good start. However, in today's information technology age, VA now needs a web-based system to allow for a more efficient way of sharing information with agencies, contractors, employment services and outside partnership entities. We recommend Congress provide the necessary resources in FY07 to expand and implement new technologies to VR&E's case management and file sharing information systems.

Some reports raised concerns about the failure of coordination between federal departments and agencies. Recognizing the need for a collaborative effort between the VA and DOL, the two departments signed a memorandum of understanding (MOU) in October 2005, committing to work

together to maximize employment services to veterans. We are hopeful the MOU will form a bond between the two departments and enhance their employment services. The MOU promises data sharing activities, establishes management information systems, forms three joint working groups, and appoints a point of contact for the provision of employment services. AMVETS certainly agrees with the all the items in the MOU and is hopeful the departments will follow through on their promises. We will continue to reach out to VA and DOL-VETS and gladly offer them any assistance we can provide.

For the service-connected disabled veterans returning home, and for those who served before, we must do all we can to strengthen the VR&E program and learn from its shortcomings. It is now time that the suggestions and recommendations made by the VSOs and the Task Force be seriously considered. It is our hope that immediate and concrete actions will be made so veterans have access to service that is timely, effective, and efficient. It is good public policy and it is the right thing to do.

In closing Mr. Chairman, AMVETS looks forward to working with you and others in Congress to ensure we continue to update and improve the earned benefits of America's veterans and their families. As we find ourselves in times that threaten our very freedom, our nation must never forget those who ensure our freedom endures. AMVETS thanks the panel for the opportunity to address this issue.

Mr. Chairman, this concludes my testimony. I thank you again for the privilege to present our views and recommendations.

Thank you.

David G. Greineder
AMVETS Deputy National Legislative Director

David Greineder joined AMVETS (American Veterans) on May 10, 2004. As the Deputy National Legislative Director (currently serving as Acting National Legislative Director), he is the primary individual responsible for promoting AMVETS legislative, national security, and foreign affairs goals before the administration and the Congress of the United States.

Prior to assuming his current position, David worked nearly five years on Capitol Hill as a legislative staff aide in the offices of Pennsylvania Reps. George W. Gekas and Timothy F. Murphy. He was a key policy advisor for a wide range of issues, including veterans' affairs, and helped manage federal appropriations efforts in both congressional offices.

David completed undergraduate work at Millersville University of Pennsylvania, where he was an assistant of data collection for the Keystone Poll.

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March 9, 2006

The Honorable John Boozman, Chairman
Subcommittee on Economic Opportunity
House Veterans' Affairs Committee
Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Boozman:

Neither AMVETS nor I have received any federal grants or contracts, during this year or in the last two years, from any agency or program relevant to the March 9, 2006 Subcommittee hearing on the U.S. Department of Veterans Affairs Veterans Rehabilitation and Employment program.

Sincerely,

David G. Greineder

David G. Greineder
Deputy National Legislative Director

AMVETS

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STATEMENT OF
JOSEPH C. SHARPE, JR., DEPUTY DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION

TO THE

SUBCOMMITTEE ON ECOMONIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

VA'S VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICE AND THE DEPARTMENT OF LABOR'S VETERANS' EMPLOYMENT AND TRAINING SERVICE

MARCH 9, 2006

EXECUTIVE SUMMARY OF
JOSEPH C. SHARPE JR., DEPUTY DIRECTOR
ECONOMIC COMMISSION, THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 9, 2006

The mission of the VR&E program is to help qualified, service-disabled veterans achieve independence in daily living and, to the maximum extent feasible, obtain and maintain suitable employment. The American Legion fully supports these goals. As a nation at war, there continues to be an increasing need for VR&E services to assist Operations Iraqi Freedom and Enduring Freedom veterans in retraining to independent living, achieving the highest possible quality of life, and securing meaningful employment. To meet America's obligation to these specific veterans and other eligible VR&E veterans, VA leadership must focus on marked improvments in case management, vocational counseling, and job placement.

Historically, the VR&E had been marketed to veterans as an education program and not an employment program, which resulted in few disabled veterans being placed in jobs. However, since FY 04 the VR&E service program instituted a number of recommended changes to re-focus the program into becoming more employment oriented. A five-track employment pilot project was initiated in October 2004 and completed on September 30, 2005. Four areas of the country experienced this project called the "5-Track Employment Model." The expectation is that this model will roll out to all parts of the country by the end of FY 06.

In recent years, many states did not refer veterans from the VR&E program to VETS for assistance in obtaining employment. Veterans with high-tech skills and advanced education were referred to expensive commercial placement agencies that do not specialize in employment assistance for veterans, and difficult to place veterans were sent to VETS. Therefore, to assist in the correction of these deficiencies a memorandum of agreement between VA and DOL was developed and signed stating that each agency would work for the smooth transition of veterans to the civilian work force.

In discussions with numerous VETS representatives across the country, The American Legion is hearing a variety of opinions on the current implementation process and progress of the MOU. Some states report a total lack of communication and information sharing while other states already enjoy a strong relationship between the local VETS and VR&E Offices.

A majority of VETS representatives contacted spoke of a markedly improved level of communication between the two agencies, along with other positive developments such as improvement in local data sharing and combined training on the local and national levels. In addition, national representatives from the two agencies are currently reporting a close and

cooperative relationship, and the expectation is that this relationship will continue to improve over time.

In some states, however, it has been reported that the signing of the MOU has not led to an improvement in cooperation between the two agencies. Some problems cited were a difference in the perceptions of the primary mission, differing education levels of VA case managers and the DVOPs and LVERs, and the unenforceable mandate for the two agencies to communicate and cooperate on a local level.

The American Legion strongly supports both of these important programs and is committed to working with both agencies to ensure that America's veterans are provided with the highest level of employment assistance. Again, thank you for the opportunity to submit the opinion of The American Legion on this issue.

STATEMENT OF
JOSEPH C. SHARPE JR., DEPUTY DIRECTOR
ECONOMIC COMMISSION
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
VA'S VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICE
AND
THE DEPARTMENT OF LABOR'S VETERANS' EMPLOYMENT AND TRAINING SERVICE

MARCH 9, 2006

Mr. Chairman and distinguished members of the Subcommittee, thank you for the opportunity to submit the views of The American Legion regarding the Department of Veterans Affairs' Vocational Rehabilitation and Education (VR&E) program and the Department of Labor's Veterans' Employment and Training Service (VETS).

VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICE

The mission of the VR&E program is to help qualified, service-disabled veterans achieve independence in daily living and, to the maximum extent feasible, obtain and maintain suitable employment. The American Legion fully supports these goals.

As a nation at war, there continues to be an increasing need for VR&E services to assist Operations Iraqi Freedom and Enduring Freedom veterans in retraining to independent living, achieving the highest possible quality of life, and securing meaningful employment. To meet America's obligation to these specific veterans and other eligible VR&E veterans, VA leadership must focus on marked improvements in case management, vocational counseling, and most importantly job placement.

The successful rehabilitation of our severely disabled veterans is determined by the coordinated efforts of every Federal agency (DoD, VA, DoL, OPM, HUD etc.) involved in the seamless transition from the battlefield to the civilian workplace. Timely access to quality health care services, favorable physical rehabilitation, vocational training, and job placement play a critical role in the seamless transition of each and every veteran, as well as his or her family.

Administration of VR&E and its programs is a responsibility of the Veterans Benefits Administration (VBA). Historically, VBA has placed emphasis on the processing of veterans' claims and the reduction of the claims backlog, which is extremely important.

However, providing effective employment programs through VR&E must become a priority as well.

Until recently, VR&E's primary focus has been providing veterans with skills training, rather than obtaining meaningful employment. Clearly, any employability plan that doesn't achieve the ultimate objective a job is an injustice to those veterans seeking assistance in transitioning into the civilian workforce.

Vocational counseling plays a vital role in identifying barriers to employment that must be overcome, as well as matching veterans' skills with those career opportunities available to qualified candidates. Becoming fully qualified becomes the next logical objective towards successful transition.

Veterans' preference should play a large role in vocational counseling as well. The Federal government has scores of employment opportunities that educated, well-trained, and motivated veterans can fill given a fair and equitable chance to compete. Working together, all Federal agencies should identify those vocational fields, especially those with high turnover rates, suitable for VR&E applicants. Career fields like information technology, claims adjudications, and debt collection offer employment opportunities and challenges for career-oriented applicants that also create career opportunities outside the Federal government.

Historically, VA has been lacking in its efforts to find employment for disabled veterans. The Vocational Rehabilitation program has historically been marketed to veterans as an education program and not an employment program. A majority of veterans attended universities and colleges with few enrolled in training programs, such as apprenticeships and on-the-job training that can lead to direct job placement.

However, in FY 04 the VR&E service program instituted a number of recommended changes to re-focus the program into becoming more employment oriented. A five-track employment pilot project was initiated in October 2004 and completed on September 30, 2005. This pilot project titled the "5-Track Employment Model" includes a "Job Resource Lab" comprised of:

- An Employment Resource Center for:
  - Veterans
  - Employment Coordinators
  - Vocational Rehabilitation Counselors and Counseling Psychologist
- Resource for Labor Market Information
- Resource for Job Readiness Assistance
- Internet-Based Employment Resource
- An on-line employment services system to support

- Veterans
- VR&E staff
- Working Partners

- Virtual one-stop employment network

Material taken from a 2006 VR&E report explaining Vocational Rehabilitation and Employment Five-Tracks to Employment Pilot Project Results.

The VR&E's Job Resource Labs are expected to be in all VA regional offices by the end of 2006. The American Legion supports the creation of these important offices.

Another problem hindering the effectiveness of the VR&E program as previously cited in reports by the Government Accountability Office (GAO) is exceptionally high workloads for the limited number of staff. This hinders the staff's ability to effectively assist individual veterans with identifying employment opportunities.

In April 2005, the average caseload of a typical VR&E counselor approached 160 veterans. The American Legion applauds the proposed increase of an additional 128 Direct and Support FTE's. While The American Legion is pleased that an additional number of FTE will be hired, we still urge Congress to provide further funding for VR&E counselors in FY 2007 for an expected increase of veterans that will need assistance.

MEMORANDUM OF UNDERSTANDING

The 2004 VA Vocational Rehabilitation and Employment Task Force reported that the VR&E program had not made any significant improvements since the 1996 GAO report on the lack of effective job assistance being provided to disabled veterans. In recent years, many states have not referred veterans from the VR&E program to VETS for assistance in obtaining employment. Veterans with high-tech skills and advanced education were referred to expensive commercial placement agencies that do not specialize in employment assistance for veterans and difficult to place veterans were sent to VETS.

Therefore, to correct these deficiencies, a memorandum of agreement between VA and DOL was developed and signed in October 2005 stating that each agency had the mutual responsibility and concern to assist disabled veterans in their readjustment into the civilian workforce. This memorandum provided that "in order to advance, improve, and expand the employment opportunities for veterans with disabilities, both parties of this MOU commit themselves to active cooperation and coordination in meeting the goals set forth in this agreement".

In discussions with numerous VETS representatives across the country, The American Legion is hearing a variety of opinions on the current implementation process and progress of the recently signed MOU. VR&E representatives from Michigan have

reported "more referrals then we can handle" due to the shortages of DVOPs and LVERs and the worsening employment situation in the state.

VETS representatives in Tennessee stated that they are already doing what is required in the MOU and that they have a strong relationship with the local VR&E office. In the state of Maryland, the director of VETS reports that in the city of Baltimore they already enjoy a good working relationship with the VR&E office. Now with the signing of the MOU that relationship will expand to the rest of the state, and will include the District of Columbia and Virginia as well. The State of Maryland VETS Office will begin joint training programs with the VR&E counselors on March 24th.

The story is quite different in the state of Texas. The VETS program and the VR&E program in Texas are completely separate. The Texas VETS representative explained that they do not see referrals from the local VR&E Office and they in turn do not communicate. Finally, the VETS State Director in Alabama reports some cooperation between the two agencies is taking place but it is difficult to encourage the two organizations to work together on the local level. Concerns such as education levels of VA's case managers and DOL DVOPs and LVERs (case managers from the VA generally have BA or MA degrees while the DVOPs and LVERs require only a high school education), job philosophies, and performance standards are cited as problems that affect the delivery of employment and rehab services to veterans.

While poor coordination between VR&E counselors and their VETS counterparts has contributed to the shortfalls of the VR&E program, a number of states have begun to improve communications. The outlook is not completely negative. A majority of VETS representatives have commended their VR&E counterparts for their willingness to ensure the successful implementation of the joint MOU that is designed to improve rehabilitation, training and employment outcomes for disabled veterans.

REHABILITATION AND EMPLOYMENT OUTCOMES

Numbers of Rehabilitated/Employed Veterans

Year	Veterans successfully rehabilitated	YEAR	Veterans successfully employed with suitable jobs
FY 03	9,549	FY 03	7,525
FY 04	11,129	FY 04	8,392
FY 05	12,013	FY 05	9,279

The above demonstrates the improved outcomes for the VR&E program.

The average salary for the 9,300 veterans rehabilitated in suitable employment was $39,160.

The American Legion has recommended exploring possible training programs geared specifically for VR&E Counselors through the National Veterans Training Institute (NVTI). Contracting for standardized or specialized training for VR&E employees could very well strengthen and improve overall program performance. NVTI serves as a valuable resource for VETS employment specialists and has contributed to a marked improvement in VETS performance. We are pleased to note that VETS and VR&E representatives report that VR&E counselors began training at the NVTI site in January 2006.

MANAGEMENT AND PERFORMANCE STANDARDS

The American Legion applauds the efforts of VR&E to create and publish national performance standards for both the VR&E Officer position and the Vocational Rehabilitation Counselor/Counseling Psychologist positions. The progress that management is making will go a long way in ensuring an adequate system for evaluating the effectiveness of the VR&E Service in place.

It seems that the VR&E program has remained in a perpetual state of transition for the past 25 years, according to countless GAO and VA reports. The 2004 Task Force report stated that the VR&E system must be redesigned for the 21st Century employment environment. The American Legion continues to support strong leadership and continued verification of the recommendations made in the 2004 task force report.

Adequate funding is needed to assist the management staff of VR&E to continue its implementation of the recommendations. The American Legion applauds the President's request for $149 million to fund the discretionary portion of the Vocational Rehabilitation and Employment program in 2007. Additional FTE requirements along with an increased workload of veterans expected to use the program services requires this additional funding.

The American Legion strongly supports both of these important programs and is committed to working with both agencies to ensure that America's veterans are provided with the highest level of employment assistance. Again, thank you for the opportunity to submit the opinion of The American Legion on this issue.

The American Legion
For God and Country

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(202) 861-2700 ★

March 9, 2006

Honorable John Boozman, Chairman
Subcommittee on Economic Opportunity
Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, DC 20515

Dear Chairman Boozman:

The American Legion has not received any federal grants or contracts, during this year or in the last two years, from any agency or program relevant to the subject of the March 9th hearing, concerning VA's Vocational Rehabilitation and Employment Service and The Department of Labor's Veterans' Employment and Training Service.

Sincerely,

Joseph C. Sharpe, Jr., Deputy Director
National Economic Commission

JOSEPH C. SHARPE JR.
DEPUTY DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION

Joseph C. Sharpe Jr. began serving as Deputy Director of the Economics Division in January 2002. Prior to serving as Deputy Director, he served as a Health Care Field Representative and Assistant Director of the Veterans Affairs and Rehabilitation Commission.

He is a graduate of The Johns Hopkins School of Advance International Studies in Washington, DC, where he earned a M.A. in International Relations and Economics. He also has two Graduate Certificates in International Business and Trade and Health Care Management from Georgetown University. Joseph also earned his B.A. in Sociology from the University of Maryland, College Park, MD. He is currently enrolled in a part time MBA program with Johns Hopkins University.

In 1982, he entered the United States Army. After completing initial training at Ft. Sill, OK, and Ft. Sam Houston, TX, he served as a Drug and Alcohol Counselor with the 2nd Infantry Division in South Korea. He also served as a Mental Health Counselor in Ft. Benning, GA, worked as a Behavioral Science Research Specialist at the Walter Reed Institute of Research, Heidelberg, Germany, and was appointed as the Non Commissioned Officer in Charge of Inpatient Social Work and Psychiatry Service, Walter Reed Army Medical Center, in Washington, DC. In addition to his active duty service, Joseph is currently serving with the 354th Civil Affairs Brigade, U.S. Army Reserve, Riverdale, MD, as the Non Commissioned Officer in Charge of the Brigades Economics and Commerce Team.

During his military service with the Army Reserve Sergeant First Class Sharpe was deployed twice overseas, in Operation Joint Forge, Bosnia-Herzegovina, and recently for the Global War on Terrorism, in which he received the Bronze Star Medal for work completed in the restoration and improvement of public and private financial institutions and banking services in Iraq.

Originally from Chicago, Illinois, he and his family currently reside in Bristow, Virginia.

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