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VETERANS' EMPLOYMENT AND TRAINING
BEFORE THE
VETERANS' AFFAIRS COMMITTEE
SUBCOMMITTEE ON BENEFITS
U.S. HOUSE OF REPRESENTATIVES

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Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear before you to comment on the General Accounting Office's (GAO) report, "Veterans' Employment and Training Service: Flexibility and Accountability Needed to Improve Service to Veterans" (GAO-01-928). Your letter of invitation specifically requested testimony on two sections of the GAO report - Matters for Congressional Consideration and the Recommendations for Executive Action. In addition, you requested an update on the Department's coordination of services for disabled veterans within the Department of Veterans' Affairs' (VA) Vocational Rehabilitation and Employment (VR&E) services.

The Veterans' Employment and Training Service (VETS) takes seriously its responsibilities under Title 38 of the United States Code to provide maximum employment and training services to America's veterans throughout the public labor exchange while ensuring priority of service to veterans is maintained. For several years, VETS has been working with the GAO to address and resolve a number of issues which hamper effective delivery of employment and training services to veterans as we have adjusted to the new service delivery environment resulting from the 1998 enactment of the Workforce Investment Act (WIA). During this period, VETS has worked closely with the Employment and Training Administration (ETA) to review and consider a number of possible solutions to some very complex issues. Every effort has been made to align VETS performance measures with those of WIA and the United States Employment Service making it easier for service providers to achieve our mutual goal of integrated employment and training services through the One-Stop service delivery system.

I would like to assure you that this Administration is committed to working with the Congress in addressing any question or issue, including legislation, impacting on the employment and training needs of America's veterans. We are looking forward to working with you, with our state partners, the Veteran Service Organizations and all others interested in improving employability and the delivery of quality services to veterans, particularly those veterans with barriers to employment. Equally important is the need to carry out this mission with the unwavering support of all our stakeholders.

Stakeholders' support can only be born out of their confident belief that VETS is responsive to their concerns and welcomes their contributions to building more effective employment and training service delivery to America's veterans. This credibility can only come from an increased willingness on our part to be held accountable to the highest possible standard of service.

That is what President Bush and Secretary of Labor Chao have charged VETS to do. I pledge to you our commitment to do just that.

In response to the questions for which you specifically requested testimony, I offer the following:

1. Matters for Congressional Consideration

The GAO report states that Congress should consider, “ how the DVOP and LVER programs best fit in the current employment and training system and take steps to ensure that these programs are able to be more fully integrated into this new environment . . . Congress should consider revising [T]itle 38 to”:

Provide states and local offices more discretion to decide where to locate DVOP and LVER staff and to provide states the discretion to have half-time DVOP positions;

We agree that states and local offices should have more discretion to determine the locations of DVOPs (Disabled Veterans Outreach Program specialists) and LVERs (Local Veterans’ Employment Representatives). We must, however, also remain mindful of the work and cost-related factors which can impact on those assignment locations. For instance, the distance from military bases can affect the delivery and cost of providing separating military personnel Transition Assistance Program (TAP) services. The coordination and transfer of Vocational Rehabilitation and Employment clients to local offices for employment assistance may require outstation assignments at the VA. Further, the assignment of DVOPs and LVERs at locations with a minimum number of veteran registrations may not be cost effective.

With limited Wagner-Peyser resources and increased emphasis on outcomes, there is a temptation by local office managers to use DVOPs and LVERs to serve the general applicant population in order to increase the number of all applicants who enter employment. VETS believes this may de-emphasize services to the veterans most in need of the DVOP’s and LVER’s assistance. The DVOP and LVER positions are funded to provide a public safety net for those veterans having extensive employment barriers and requiring more time and assistance in finding jobs. The intensive support offered to veterans targeted by our specialists may, however, contribute to a perceived low level of positive outcomes because it can often result in fewer numbers to report. We do understand states’ dilemmas and want to work with them toward finding win-win solutions. In keeping with the original intent and mission of the DVOP and LVER programs, we must also assure priority in the provision of all levels of service required by veterans.

In practice, VETS has found it is difficult to ensure that funds provided for half-time LVER positions are used proportionately in serving veterans and non veterans. For example, findings during local office evaluations indicate that veterans are served at a disproportionately lower level than non veterans in offices with half-time LVERs. This practice has caused a strain in the relationship between Federal and state staff. We believe the same problem would exist for half-time DVOPs. In fact, VETS has disallowed costs to several state agencies using full time DVOPs to serve non veterans. This situation would be further exacerbated with half-time DVOPs.

Therefore, the best model may be a part time position. Further, the excessive use of a LVER or DVOP for the service of non veterans may erode the level of expertise each has in serving veterans and may result in a reduced level of service to veterans, particularly disabled veterans. Thus, VETS maintains that a DVOP or a full time LVER should be used to serve non veterans only under exigent circumstances where the benefit of the service provided is clearly demonstrated.

VETS is aware of the pressures faced by many local employment offices as they address the growing demands of those seeking employment services. To that end, we agree that greater latitude is needed to allow state specific grant negotiations for funding part time DVOP personnel in rural or sparsely populated areas.

- *Allow VETS and/or states the flexibility to better define the roles and responsibilities of staff serving veterans instead of including these duties in the law;*

Congress' legislative mandate to protect veterans' priority, a mandate that we believe has been achieved primarily through LVERs and VETS' oversight of local operations, does need to be examined relative to the service delivery environment in which we operate. The roles and responsibilities of staff serving veterans should not be narrowly prescribed in law. The specialized services that DVOPs and LVERs provide to the different categories of veterans with unique needs, however, must be preserved.

We would be receptive to exploring with Congress several different approaches to determine how best to fit DVOPs and LVERs into this new service delivery environment. However, the original intent of the DVOP and LVER programs needs to be continued. The DVOP function is to provide intensive employment and training services that help support those veterans with disabilities, including homeless veterans. The LVER purpose is to ensure that priority of service to veterans, particularly those who are recently separated from the military, is maintained by the local public labor exchange. Both functions are essential to serving veterans in the 21st century employment and training environment even with the increased reliance on self-service as a method for accessing these services. It is, therefore, critical that VETS, the Congress, and the states continue to work in partnership to determine the specific roles and performance outcomes for these positions.

- *Combine the DVOP and LVER grant programs into one staffing grant to better meet states' needs for serving veterans;*

In theory, one staffing grant for the DVOP and LVER programs appears to be a sound business model. However, the devil is in the details. Combining the two grant programs could have undesirable consequences. A combined grant, for example, would allow states to shift funds between programs which would impact on who is being served - those veterans needing intensive services or those veterans requiring basic labor exchange services. DVOPs and LVERs, as originally intended, perform separate functions, each requiring a different skill set. DVOPs need to employ social service, rehabilitation and assessment skills. LVERS are facilitators, who ensure

veterans receive priority for Wagner-Peyser services. Combining the grants could have the effect of displacing these intended functions; thus eroding states' ability to deliver these distinct services to those veterans most in need and diluting priority of service.

We are open, however, to discuss and find the best model possible in the provision of employment and training services to veterans.

- *Provide VETS with the flexibility to consider alternative ways to improve administration and oversight of the staffing grants, for example, eliminating the prescriptive requirements for monitoring DVOP and LVER grants;*

VETS agrees that the prescriptive nature of the current statute is problematic. In particular, it has meant that VETS' local office reviews have focused on checklists and corrective action plans when problems were identified. In an effort to move away from the prescriptive statute, VETS will focus on outputs instead of process.

In that regard, we are developing new monitoring procedures and tools which emphasize two way communication and stress training, teamwork, and the building of staff and system capacity. New grants management training is being developed for Federal staff to reinforce these concepts. VETS also is in the process of conducting an evaluation of the unmet needs of unemployed veterans in order to help identify ways to improve the services provided to veterans by DVOPs and LVERs.

We welcome the opportunity to assist in the effort to change the law so this agency has the flexibility to improve administration and oversight of the DVOP and LVER grants. It is essential that VETS work more closely with our state partners to resolve problems and create new opportunities for services.

- *Eliminate the requirement that VETS report to Congress a comparison of the job placement rate of veterans to non veterans;*

We completely agree with this recommendation. It is consistent with VETS' new proposed outcome measures for the public labor exchange, and consistent with the Workforce Investment Act. These new measures become effective July 1, 2002. In addition to these state performance measures, VETS is working on new prototype performance standards for DVOPs and LVERs to be implemented in FY2003. These measures can be used by states when analyzing their performance and preparing their appraisals. Both measures should result in better performance and accountability of our state partners in the provision of service to this nation's veterans.

- *Eliminate the requirement that VETS report on the Federal Contractor Job Listings;*

This requirement, to report annually the number of “contractors listing suitable employment openings,” should be eliminated.¹ Doing so will also eliminate the requirement in 38 U.S.C. § 4104(b)(6) for LVERs to monitor Federal Contractor listings and referrals to Federal Contractor jobs. The information currently reported on the VETS 100 Report by Federal Contractors under 38 U.S.C. § 4212(d), however, is used by DOL’s Office of Federal Contract Compliance Programs to ensure employers are taking affirmative action to hire veterans and should be retained.

It should be noted that, after reviewing public comments on our proposed performance measures, VETS eliminated the Federal Contractor criteria from its measures of performance.

2. Recommendations for Executive Action

- *Specify performance goals and expectations for serving veterans and allow states the flexibility to present a plan for how they intend to meet these goals and expectations;*

VETS published its proposed performance measures in the Federal Register in May 2001, and we expect to publish the Final Notice by the end of the first quarter of FY2002 (December 31, 2001). The new performance measures will significantly improve the way base levels of performance are established as well as the way in which performance outcomes of the state public labor exchange system are determined, measured and evaluated. The new measures also parallel our goals in VETS’ draft FY 2003 Annual Performance Plan.

Starting in the second quarter of FY 2002 (January 1, 2002), VETS will negotiate with states to establish levels of expected performance for FY 2003. These goals, and how the states intend to achieve them, will be part of each state’s grant application process. Satisfactory performance will be determined by the new reporting system jointly developed by the Employment and Training Administration (ETA) and VETS.

- *Implement, as soon as possible, a performance measurement system that holds states accountable, reflects the agency’s goals and expectations, and defines how the performance data should be collected to ensure accuracy and reliability;*

Because a performance measurement system is dependent on performance expectations and consistent with GAO recommendations, VETS is partnering with states to develop appropriate performance measures for the DVOP and LVER grants to more accurately measure outcomes of services. As I mentioned previously, VETS also is developing prototype performance standards for the DVOP and LVER positions. We believe these prototype standards are absolutely necessary and that they will provide a useful guide for the states in establishing performance standards for

¹ 38 U.S.C. § 4212(c).

their DVOPs and LVERs.

The GAO expressed continuing concerns about VETS' ability to collect data from the states for determining the effectiveness of DVOPs and LVERs. In response to those concerns, VETS and the United States Employment Service (USES) are working to develop data collection strategies supporting the newly proposed performance measures for joint use. For example, during FY 2001, VETS and USES introduced a new performance reporting system based on Unemployment Insurance wage records, a data source which will provide significantly more reliable information and eliminate duplicate data collection efforts.

- *Implement a performance management system for state grantees that provides incentives for meeting goals and penalties, beyond corrective action plans, for not meeting goals;*

Incentives and sanctions are both important to improve performance. However, current monetary incentives are not possible because DVOP and LVER grants are fully used to support staff positions. Nevertheless, VETS, with the assistance of our state partners, is investigating other forms of incentives to recognize good performance or to impose sanctions when performance is consistently unsatisfactory. VETS plans to test these new ideas for incentive measures during FY 2002. For example, one idea we are exploring is those states exceeding their negotiated performance measures would not be subject to our recapture of unobligated funds and would retain those funds to enhance the program and/or to support additional staff positions. Another idea is to change the criteria for awarding Veterans' Workforce Investment Program (VWIP) state grants to include bonus points for those state applicants that exceeded their negotiated performance measures. These points will be added to their numerical score on their VWIP grant application.

- *Update oversight guidelines and improve staff training to ensure consistent monitoring of DVOP and LVER programs in one-stop centers;*

VETS is committed to striking the appropriate balance between its legislatively mandated requirements and the need for states to operate their programs in the best interest of their citizens and the state labor market. We believe the key to maintaining this balance is effective communication and interaction between our Directors for Veterans' Employment and Training (DVETs), state and Federal partners and the DVOPs and LVERs. The Department of Labor, ETA and VETS are committed to working together to develop joint solutions to address the challenges of this new workforce system.

This will not only help better gauge accountability of state programs, but also will assist those states that are not performing well by helping them become more productive and clarifying technical issues regarding grant compliance. VETS will develop a communications strategy and require DVETs to report what is being accomplished without compromising each state's supervisory structure or breaking existing chains-of-command protocols.

We have already begun this effort by inviting states to participate in a newly developed *Licensing*

and Training Certification Course, which will help provide DVOPs and LVERs the skills and resources to better assist veterans. VETS also is developing a new grants management course at the National Veterans' Training Institute. This training course will focus on technical assistance, communication, negotiating, capacity building and team building skills. The application of these skills will be incorporated into our field staff's performance standards. In conjunction with the new course of instruction, VETS will publish a new grant review guide based on the concepts contained in the ETA grants management training guide.

3. Update on the Department's coordination of services for disabled veterans within the Department of Veterans' Affairs' Vocational Training and Rehabilitation program.

Service jointly provided to disabled veterans by the VA's Vocational Rehabilitation and Employment (VR&E) program and VETS has steadily improved since the two agencies signed a Memorandum of Understanding (MOU) in 1995. Under this cooperative initiative, VETS and VR&E partner in training initiatives, information exchanges and problem solving. Teamwork is the hallmark of our efforts towards reaching the mutual goal of successful job placement and adjustment to employment for disabled veterans without duplication, fragmentation or delay in the services provided.

Of particular note is the recent joint development and issuance of the VETS/VR&E Partnership Operating Guide and three iterations of follow-on training provided to hundreds of staff completed last year. VETS and VR&E continue to aggressively focus on improved cooperation, coordination, and measurable interaction on behalf of disabled veterans enrolled in the VR&E program. As a result of this inter-agency initiative, 72% of referred and registered VR&E clients at public labor exchange offices nationwide entered employment through the 3rd quarter of FY 2001.² This is more than a 100% improvement over job placement results in this program at the start of our expanded partnership.³

In conclusion, America's veterans have earned the highest quality programs and services the government can deliver. VETS appreciates the constructive evaluations by the Congress and the GAO. The Department of Labor is committed to continuous improvement in all aspects of our mission to reduce unemployment and underemployment among veterans. We look forward to working with the GAO and Congress in addressing these issues. I welcome any questions that the Chairman or Members of the Subcommittee may have.

²Compilation of Local Veterans' Employment Representatives Managers' reports through the 3rd Quarter for FY 2001 show, of the 4,038 VR&E clients registered, 2,897 (72%) entered employment.

³Compilation of Local Veterans' Employment Representatives Managers' reports for FY 1996 show, of the 5,631 VR&E clients registered, 1,863 (33%) entered employment.