

**STATEMENT OF
JULIUS M. WILLIAMS, JR.
DIRECTOR, VOCATIONAL REHABILITATION
AND EMPLOYMENT SERVICE
DEPARTMENT OF VETERANS AFFAIRS
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SUBCOMMITTEE ON BENEFITS
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Good morning Mr. Chairman, and members of the Subcommittee.

It is a pleasure for me to be here today to discuss with you the status of VA's Vocational Rehabilitation and Employment (VR&E) program for service disabled veterans.

I'd like to acknowledge our employment partners at the Department of Labor who also are here today. No one could have said it more eloquently than the 65th Congress when it passed the World War Veterans Act in 1924: "The test of rehabilitation shall be employability." Certainly both we at the Department of Veterans Affairs and our colleagues at the Department of Labor take very seriously the charge to help disabled veterans overcome employment obstacles and find and keep suitable employment. We recognize the challenges we collectively have to ensure our Nation's disabled veterans achieve the rehabilitation goal.

You may note that the program's name has changed since the last time we addressed the Subcommittee. The Department made the change from "Vocational Rehabilitation and Counseling" to "Vocational Rehabilitation and Employment" to emphasize our commitment to helping disabled veterans transition from their military life to suitable, career-oriented employment. This new name conveys a more meaningful message to most VR&E program participants of the programs ultimate mission, while not detracting from the fact that rehabilitation is at the heart of what we do – especially for the most seriously disabled.

This refocused commitment to serving the rehabilitation and employment needs of America's disabled veterans has meant much more than a simple name change. In the past few years, we have dramatically transformed the VR&E program to one that is more strategic and outcome-oriented. For a third year, the VR&E program has rehabilitated over 10,000 disabled veterans, a goal that was considered five years ago to be a "stretch goal."

The key catalyst that underlies VR&E's success and continues to drive our strategies for the future is our desire to provide the most effective, highest quality, state-of-the-art rehabilitation and employment services to disabled veterans. We define quality services in terms of several overarching themes that directly influence our success in achieving our mission and goals. These themes are a focus on positive outcomes, quality assurance, strategic planning, succession planning and workforce development, and enhanced technology.

Positive Outcomes. The VR&E program has two primary outcomes –

- suitable employment for those disabled veterans who are able to overcome employment barriers created by their disabilities,
- independence in daily living for the most seriously disabled veterans who are unable to return to work because of their disabilities but who do achieve an improvement in independence in their living activities.

For the past several years, VR&E has focused on improving its performance in both of these outcome areas. We have improved the rate of rehabilitation from 41 percent at the end of Fiscal Year 1998 to 65 percent in Fiscal Year 2001. During this same time, we have seen the rehabilitation rate of disabled veterans with serious employment handicaps increase from 35.8 percent to 64 percent.

Quality Assurance. In November 1998, VR&E reinstated the Quality Assurance program. This collaborative process filled a tremendous void left by four years without any VR&E Quality Assurance review. A sampling of each regional office's work is reviewed twice a year. At the conclusion of each review, the regional office receives notification of the results, to include the identification of both successes and deficiencies, and instructions of how to submit cases for re-evaluation. When areas of concern are identified, the review results in additional refresher training for VR&E staff, improved accuracy and improved services to better meet the needs of disabled veterans.

At the end of the first year of review, September 1999, VR&E established a baseline for measuring the accuracy of cases in future reviews. For example, at the end of Fiscal Year 2000, baseline accuracy for decisions relating to a veteran's program entitlement was measured at 89 percent. At the end of Fiscal Year 2001, accuracy in this area rose to 93 percent. Other areas of VR&E's performance are not so easily measured because veterans participating in the VR&E program receive individualized services based on their unique needs. Performance relating to overall accuracy, therefore, represents some challenges. However, we continue to develop the most measurable criteria in a program that is very subjective in nature.

Beginning this fiscal year, we are adding a fourth category to focus on the accuracy of decisions regarding a veteran's achieving and maintaining suitable employment or independence in daily living.

Succession Planning and Workforce Development. VR&E's workforce is key to achieving all of our goals. Not unlike many organizations, we too are faced with a retirement-eligible workforce. Historically, the career pattern within the Department has been increased hiring after World War II and the Korean Conflict to address the needs of veterans returning from those engagements. Over time, these employees retired and the Vietnam Era employee entered our workforce. At the beginning of this year, the average age of VR&E's field managers was 54 years and the average age of the clinical staff in the field was 51 years. The Vietnam Era employee has reached or nears retirement and we will once again find VA in a hiring cycle that coincides with a shift in military focus and activities. We have an obligation to hand-off a quality program to the next generation of dedicated and trained staff.

We must recruit, retain, and develop the best staff if we are to continue the improvements we have achieved in our performance. In the past two years, we have aggressively augmented our workforce by adding new competency mixes to our clinical staff. We have hired Vocational Rehabilitation Counselors who bring to service delivery knowledge and experience in clinical skills and case management techniques.

Additionally, we have hired Employment Specialists who bring an entirely new skill mix to our program's staffs. Employment Specialists act as case managers for employers, advocates for the value of hiring disabled veterans, and workforce consultants to an anxious pool of employers. The positive relationship and role the Employment Specialist plays as the employer's case manager will become increasing more critical in times of economic shifts – upward or downward, but particularly the latter.

Enhanced Technology. Parallel to VR&E's commitment to improving service delivery and performance is our commitment to improving the program's information management and technology infrastructure. VR&E must track a veteran's progress through the phases of rehabilitation and employment for a number of reasons. Most important is for us to be able to respond to the veteran's needs in efficient ways and be able to use the data about program participants for strategic and resource planning.

In September of this year, we completed national deployment of VR&E's new case management information management system, which we call Corporate WINRS. This new case management information system supports field VR&E staff in their case management efforts and assists VR&E managers, case managers and veterans in making well-informed decisions affecting the veterans entitlement to benefits and services. Corporate WINRS also reduces redundant computer-based inputs and facilitates interactive communication between regional offices, out-based staff and veterans.

The power of these themes is derived from the focus on redefining the most important goals and the development of effective strategies, which I will now describe, that lay the groundwork to continue our momentum for improvement.

Corporate WINRS. As mentioned, our new case management information system, Corporate WINRS was deployed nationally in September. In addition to the benefits described earlier, this new technology tool enables us to computerize tremendous amounts of data about program participants, such as benefits data; financial data, including payments to contract service providers; and statistical data that will enhance our ability to make data-driven decisions in the future.

Regulation Rewrite. We have completed a draft revision of the Code of Federal Regulations pertaining to the VR&E program. Our goals in this initiative are to ensure we have incorporated into the regulations all necessary substantive provisions, as well as instructive procedural requirements; to simplify the rules governing our program; and to prepare the regulations in the Reader Focus Writing format. Our next steps in this process include meeting with key stakeholders, as well as VA's Office of the General Counsel, to ensure legal sufficiency. It is our desire to have these draft regulations through the regulatory process by spring 2002.

Case Management Redesign. This initiative promotes three concepts to better serve disabled veterans participating in programs of rehabilitation and employment.

- VR&E will ensure that disabled veterans receive more individualized services based on their needs and will receive these services in a timely manner.
- VR&E will bring its case management services more in-line with the general trends in the field of rehabilitation, whereby clients have a more active role in their rehabilitation programs.
- VR&E is developing a caseload-management tool to assist its field staff to effectively deliver services to the large numbers of veterans in their caseloads.

Following a successful case management demonstration project, we have begun implementing redesigned practices to improve case management and promote effective and efficient service delivery to disabled veterans. These redesigned practices include emphasizing employment at the earliest point in assessing the veteran's need for services, focusing on increasing the veteran's self-sufficiency; and redirecting case managers to veterans who have multiple rehabilitation needs, particularly the most seriously disabled.

Employment Specialist Program. VR&E initiated the Employment Specialist Pilot Project to better serve veterans, meet employers' recruiting and staffing challenges, and demonstrate that program participants are on a track to employment. After studying other rehabilitation organizations, VR&E benchmarked itself against best practices found within the rehabilitation community. Our Employment Specialist Program was implemented and this program has recently received strong endorsement from the Department's VR&E Blue Ribbon Panel of Experts which was comprised of rehabilitation professionals, academicians, key service organization representatives, many of whom testified before the Congressional Commission on Servicemembers and Veterans Transition Assistance.

VR&E's Employment Specialist position adds a new skill and competency mix to the rehabilitation staff that allows for the effective case management of potential employers.

The Employment Specialist Pilot was another success for the VR&E program in Fiscal Year 2000 and the concepts of this program have been deployed nationally. The methodology being used by Employment Specialists includes:

- creating significant market awareness related to the value of employing disabled veterans
- stimulating employer demand for trained disabled veteran-employees to satisfy recruitment, retention, and succession planning strategies
- communicating these career opportunities back to veterans
- target veteran educational and training efforts specifically to meet market and employer demands

Independent Living. Within VR&E's overall focus on meeting the needs of the most seriously disabled veterans, we find that current legislation relating to the number of veterans who may enter programs of independent living jeopardizes our legal standing to serve disabled veterans. Consistent with the aging veteran population and the expansion of rules permitting VA to recognize a variety of disabilities that pose serious health issues, we are finding a rapidly increasing number of veterans eligible for and in need of independent living services.

Under current law, however, the number of veterans to whom the services can be provided is limited to 500 annually. We note that S. 1088 contains a provision that would remove this cap. We would urge the House to support the enactment of this provision which would enable us to provide these needed independent living services.

Increased Access Points. Affording veterans quick, convenient access to information and assistance remains a cornerstone of VR&E's vision. Communications and outreach efforts have already improved access by directing veterans to preferred sources of information. VR&E expanded its definition of access to apply beyond a purely regional office to a more community-based focus. Within the scope of this definition, VR&E staff is being located where veterans need them. Within the past two years, VR&E has created more out-based locations at a variety of access points such as Benefits Delivery at Discharge (BDD) sites and VA community-based outpatient clinics. This has produced more flexible office hours, and has expanded the use of teleconferencing for orientation and group sessions as a means of access to veterans in remote areas.

Additionally, our access strategy applies to information technology as well as staff. Through the use of the Corporate WINRS system for veteran-specific information, the Internet to conduct searches of employment resources such as Department of Labor's America's Job Bank, Talent Bank, and Career Infonet, veterans and staff are connected to an increased amount of valuable information to help them succeed.

These information technology capabilities, coupled with VR&E's new transferable skills analysis tool, which is also Internet based, not only enhances the VR&E staffs' abilities to provide services but also promotes the self-sufficiency concepts prescribed by Case Management principles.

Executive Order 13163. Under the Executive Order, the federal government is asked to increase the number of disabled persons in its workforce over the next several years by 100,000 individuals. Disabled veterans, especially those VR&E serves, represent a valuable resource solution to the recruitment strategies being implemented within all federal departments and agencies. VR&E stands ready to provide well-trained, talented employees to any federal department recruiting under this Executive directive.

VR&E is developing an aggressive strategy and marketing plan to get federal agencies to look at VR&E's program graduates as their first option to fulfill their disabled hiring goals.

Quality Assurance Redesign. Earlier in my statement, I mentioned that in November 1998, we reinstated the Quality Assurance program. The first stages of the reinstatement have been well tested. Now we are examining ways to improve the review process, determining if any additional elements or service delivery activities need to be reviewed, such as accuracy of outcome decisions, and we are improving our data collection and retrieval mechanisms. We expect to have identified areas for improvement in place by the first review process in late November of this year.

Financial Activities. One area of our business most in need of streamlining is the process VR&E undertakes to purchase routine goods for veterans participating in training as part of their rehabilitation and employment plans. VR&E is collaborating with the Department of Treasury to pilot test the use of debit cards for certain financial activities. We believe use of the debit card will facilitate the purchase of routine goods, services, or supplies, such as books or payment of tuition and fees, without the handoffs and delays that currently occur between the veteran, the VR&E staff member, the training facility, and supplier. We expect to begin pilot testing the use of debit cards sometime this fall or early next year.

Leveraging Partnerships. VR&E is dedicated to establishing strategic partnerships with other government agencies, employers, employment services providers, and educational and training institutions to improve the percentage of veterans who achieve rehabilitation and attain suitable employment. Strong networks and linkages with professionals outside the VR&E program greatly enhance our ability to meet the needs of disabled veterans and decrease the time it takes for a veteran to become employed. It also is an efficient and effective way for staff to expand its knowledge on a variety of issues, including new developments in vocational rehabilitation, training, labor markets, and comprehensive employment services.

One of our greatest partnering opportunities is with the Department of Labor. In order to improve effectiveness of this partnership, VA and DoL have jointly conducted training for our staffs that capitalize on the principles of case management, employment services, job placement, and the shared desire to see veterans rehabilitated with suitable employment. Additionally, we have met with DoL to discuss our shared data needs, especially as they relate to measuring outcomes. This partnership is not only necessary, but also enhances our ability to mutually understand the complex needs of disabled veterans and the issues implicated in the conceptual goal that veterans participating in the VR&E program are considered rehabilitated only when they get and keep a suitable employment.

We realize there are challenges ahead of us and VA's Vocational Rehabilitation and Employment Service is anxious to work with the incoming leadership at DoL's Veterans Employment and Training Service to ensure that we collaborate to achieve the highest level of service we can provide to disabled veterans.

Additionally, consistent with Public Law 106-50, we, along with VA's Office of Small and Disadvantaged Business Utilization and the Small Business Administration, are strengthening our support to disabled veterans who are seeking self-employment opportunities.

Economic Impacts. Beyond the obvious economic damage of September 11, 2001 - the stock-market plunge, airline layoffs and the heightened risk of recession - is another threat: an end to the late-1990s era of low unemployment. On October 5, 2001, DoL released its monthly employment report for September, which reported the unemployment rate remained at 4.9%, the same as in August. But the report was based on surveys taken before the wave of post-Sept. 11 layoffs. And, even the report's earlier data suggest a considerable weakening of the labor market, pointing to higher joblessness in the future - a challenge for VR&E's program participants who benefited from the late-1990s boom. Businesses cut payrolls by 199,000 in September, the biggest monthly cut of jobs since February 1991, during the last recession. Since January, payrolls have fallen by 800,000 persons.

To address these emerging issues, we are convening a symposium of experts from the fields of rehabilitation, economics, commerce, labor and employment to help us develop both short- and long-term strategies to address any future fluctuations in employment and the economy. It is our goal to develop strategies both from the rehabilitation perspectives and from the standpoint of projected employment opportunities.

Many of the initiatives described today, particularly our Access initiative, are being implemented in effective ways due largely to the flexibility created by the authority granted us to transfer funds from the VR&E Readjustment Account to the General Operating Expense Fund. Aligning resources consistent with best

service delivery models allows staff in the field offices the ability to increase or decrease dependency on contract service providers.

Mr. Chairman, I would like to end my testimony by again expressing VA's commitment to meeting not only the needs of the current population of disabled veterans, but also the needs of future disabled veterans. With these uncertain times, I can assure you that the program stands ready with a cadre of experienced, concerned and dedicated counseling staff to serve America's veterans and their families particularly in areas of grief counseling and crisis counseling. We have been there for past tragedies to serve in whatever role we are needed, and we confirm to you, the Subcommittee, and the rest of America our readiness today to do the same.

Thank you, Mr. Chairman and I will be pleased to answer any questions you or other members of the Subcommittee may have.