

**STATEMENT BY REX HALL
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BEFORE THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE OF VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS**

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My name is Rex Hall. I am Assistant Director of Program Operations with the Missouri Department of Economic Development, Division of Workforce Development, and Chairman of the National Association of State Workforce Agencies' (NASWA) Veterans' Affairs Committee. NASWA is the national organization of state officials responsible for workforce security and workforce development services. We administer the nation's employment service, veterans' employment and training programs (Disabled Veteran Outreach Program (DVOP)/Local Veteran Employment Representative (LVER)), unemployment insurance laws, labor market information programs and, in almost all states, job training or workforce development programs. In most states, we are also responsible for coordinating workforce development one-stop centers, and play an important role in welfare-to-work services. Our members are the lead officials in implementing the Workforce Investment Act which Congress passed in August 1998.

It is a pleasure to be asked to testify before you today. Over the past two years, our organization has testified before this subcommittee, and staff from our national organization have participated in the numerous working sessions sponsored by the subcommittee in which we reviewed and provided comments on legislative language. In addition, the subcommittee staff have met with the state members of the NASWA Veterans' Affairs Committee to discuss various legislative and related program issues.

On behalf of the states, we wish to commend the subcommittee for examining the veterans' employment and training issues. In particular, we appreciate the time and effort that Mr. Kehrer and Mr. Houchins have spent in responding to our questions and concerns. Both have made themselves available for numerous meetings and conference calls with our staff.

We wish to commend the House Veterans' Affairs Committee for requesting the General Accounting Office (GAO) to conduct a review of the efficiency and effectiveness of the U.S. Department of Labor's administration of the DVOP and LVER programs. Let me state up front that the state workforce agencies are committed to providing this nation's veterans with quality employment and training services to assist them in transitioning from military service to the civilian workforce. We want to work with our federal partners, the U.S. Department of Labor's Veterans' Employment and Training Service (USDOL/VETS), in meeting this commitment.

The publicly funded workforce system has undergone a great deal of changes since the passage of the Workforce Investment Act in 1998. WIA passed by a wide bipartisan majority in part because it was designed to permit communities and states to build a workforce investment system that respects individual choices, reflects local conditions, and results in increased employment, retention, and earnings of participants, and increases occupational skills attained by participants.

The DVOP and LVER programs are delivered through Employment Service/One-Stop Career Centers that were codified under the Workforce Investment Act. WIA made changes in the way in which employment and training services were delivered to employers and jobseekers. As the GAO report states, Title 38 “has not been updated to reflect the recent changes in the employment and training service system introduced by WIA.” We believe that it is now time to make changes to Title 38, Chapter 41, and the federal oversight of the DVOP and LVER programs.

The NASWA Veterans’ Affairs Committee met with GAO officials and identified many of the findings in the report that face states in the delivery of the DVOP and LVER programs. In addition to these discussions, GAO interviewed state workforce agency officials in 30 states and conducted on-site visits in five states.

NASWA agrees with many of the findings and recommendations in the GAO report. Some of the findings require legislative fixes, but others can be addressed by changes in policy by USDOL/VETS and changes in the grant agreements. I recently had an opportunity to meet with the new Bush Administration officials that are responsible for these programs. These officials indicated a willingness to meet with the states and discuss ideas states have to improve the DVOP and LVER programs. We are looking forward to working with the Administration, Congress and the Veteran Service Organizations (VSOs) in developing legislation to address the statutory needs. Moreover, we stand ready to meet with the Administration in addressing many of the policy-related and administrative grant issues that can be updated and improved.

GAO Recommendations for Congressional Consideration

The GAO report’s major conclusion is that the prescriptive nature of Title 38 creates a one-size-fits-all approach for service delivery. This approach is ineffective because it does not account for the fact that each state and one-stop center may have a different approach to satisfying the needs of local employers as well as different types of veterans who may need employment assistance. NASWA agrees with this conclusion.

The GAO identified several revisions to Title 38 that Congress should consider. In particular, NASWA agrees that Congress should consider revising Title 38 to:

- Provide states and local one-stops more discretion to decide where to locate DVOP and LVER staff and provide states the discretion to have half-time DVOP positions;
- Allow USDOL/VETS and states the flexibility to better define the roles and responsibilities of staff serving veterans instead of including these duties in the law;

- Provide USDOL/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;
- Eliminate the requirement that USDOL/VETS report to the Congress a comparison of the job placement rate of veterans with that on non-veterans;
- Eliminate the requirement that USDOL/VETS report on Federal Contractor Job Listings (FCJL); and,
- Make the DVOP and LVER grant funding cycle consistent with that of other employment and training programs.

This past spring, USDOL/VETS published several new measures for the Veterans' Employment and Training Programs for public comment in the Federal Register. NASWA provided comments on these proposed measures and in our comments, we stated that the proposed measures are an improvement over the current performance accountability system because for the most part, the measures focus more on what programs achieve and less on the number of services provided by staff serving veterans.

As suggested by GAO, the proposed measures remove the requirement to compare the level and associated service outcomes provided to veterans with those provided to non-veterans. There appears to be some attempt to more closely align the proposed measures with the recently released Wagner-Peyser measures and some of the Workforce Investment Act measures. Unfortunately, the proposed measures maintain the FCJL measure, and in our comments, we recommended that this measurement be eliminated. We strongly urge Congress to include new measures in any re-write of Title 38.

The inconsistency of the DVOP and LVER grant funding cycle with other employment and training programs has caused a great deal of problems for states. By way of background, unlike most other Labor Department programs under the Workforce Investment Act, which receive their funds on a program year cycle (July 1-June 30), the DVOP and LVER programs are funded on a federal fiscal year cycle (October 1-September 30). This has caused difficulties for states, especially in the past few years with the delay in enactment of a final appropriations bill. Because these grants are staffing grants, the delay caused extreme problems in many states last year when final funding notification was not provided until mid-January, nearly 14 weeks into the fiscal year. Many states' grants had significantly changed from the previous year and this late notification caused major program upheaval for states which were forced to lay off staff and/or find jobs for veterans staff that they could no longer afford to fund.

The above problems could be largely avoided if the DVOP/LVER grant was awarded to states on a program year cycle, like most other federally funded programs under the Workforce Investment Act. In addition, provisions to allow for a two-year carryover would greatly assist states in managing this program.

We would like to take this opportunity to thank the Chairman and Ranking Member of the House Veterans' Affairs Committee for writing to the Chairman of the House Appropriations Committee and the Director of the Office of Management and Budget (OMB), asking that the DVOP and LVER programs be switched to the program year funding cycle. We are hopeful that this change will be proposed in the President's FY 2003 budget request.

Recommendations for Executive Action

The GAO recommended that the Secretary of Labor establish more effective management and monitoring of the DVOP and LVER programs. In general, NASWA agrees with these recommendations which direct USDOL/VETS to:

- Specify performance goals and expectations for serving veterans and allow states the flexibility to present a plan for how states intend to meet these goals and expectations;
- 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;
- Implement a performance management system for the state grantees that provides incentives for meeting goals and penalties, beyond corrective action plans, for not meeting goals; and,
- Update oversight guidelines and improve staff training to ensure consistent monitoring of DVOP and LVER programs in one-stop centers.

We think it is important to note that USDOL/VETS can and has proposed a new performance measurement system for the DVOP and LVER programs. However, until Title 38 is changed and updated, by law, USDOL/VETS must require states to report on various measures that do not make sense in today's one-stop environment. It is imperative that the statutory changes are made also.

GAO found that USDOL/VETS' oversight of the DVOP and LVER grants is inadequate. We believe that the federal oversight of these programs is too focused on process issues and overly burdensome grant requirements. We agree with the GAO finding that USDOL/VETS' federal monitoring effort, which includes on-site evaluations at every local office, is often unproductive and redundant with other one-stop monitoring done by the states. Moreover, this oversight results in confusion about the lines of authority between the federal and state monitoring staff and the DVOP and LVER staff, who are state employees.

The time and effort that state workforce agencies spend on administering the DVOP and LVER grant is far greater in relative terms than all other workforce programs. In particular, USDOL/VETS has instituted a quarterly recapture process that creates a great deal of problems for states and results in an inordinate amount of time spent on the grant process. NASWA strongly recommends that USDOL/VETS eliminate this quarterly recapture process and provide states with a full year's worth of funding, with up to two years to spend any carryover funds. In order to protect small states, we recommend that USDOL/VETS institute a hold harmless clause

that provides these states with funds that allow them to maintain a minimum number of staff to operate a program.

Conclusion

In summary, NASWA agrees with most of the findings and recommendations made in the General Accounting Office report. We look forward to working with Congress, the Administration and Veterans' Service Organizations in addressing the issues identified in the report, and believe that the changes will result in improved services to this nation's veterans.

The world of the publicly-funded workforce development system is an ever-evolving environment. Title 38, Chapters 41 and 42, which established the veterans' employment and training system, were written over a quarter century ago when one-on-one service was the norm and programs were funded at a level that allowed for this type of personal service for all jobseekers. Legislative and prescriptive service delivery systems which are outmoded and outdated must change if we truly want to provide our customers with the most efficient and convenient services that focus on their current and future needs.

On behalf of the states, we commend the subcommittee for conducting an open process in gathering input on these programs. We appreciate the opportunity to testify before this committee and look forward to continuing to work together in developing comprehensive legislation that truly brings the veterans' employment and training programs into the 21st century. I would be happy to answer any questions.