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COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS

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**Testimony of Beth B. Buehlmann
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Before The
Committee on Veterans' Affairs
Subcommittee on Benefits
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Mr. Chairman, Congressman Evans, and Members of the Committee:

As the executive director of the Center for Workforce Preparation (CWP), I am pleased to submit the following testimony on how the Veterans Self-Employment Act of 2004 can play an important role in helping transitioning military and veterans contribute to the growth and strength of the nation's economy. CWP is a nonprofit affiliate of the U.S. Chamber of Commerce, the world's largest business federation, representing more than three million businesses and organizations of every size, sector and region.

CWP is the only arm of the U.S. Chamber dealing solely with education and workforce development issues. Through its access to a broad network of chambers, CWP is on the forefront helping businesses and chambers in their communities find, use and build resources to develop a skilled workforce and support productive workplaces. CWP, in partnership with local chambers, other workforce development organizations and committed funders, is addressing a key employer concern – finding, retaining and advancing qualified workers. Over 90% of the businesses that are members of chambers are small and medium-size. It is for this reason that CWP and local chambers excel at reaching businesses of this size, where the majority of job growth occurs.

Workforce development, however, is about more than just hiring and training the right workers. It is also about identifying and addressing other critical concerns such as transportation, health care and child care as well as promoting the lessons and promising practices of successful communities to encourage chambers and employers to leverage resources that support productive workplaces.

My remarks will center on the latest unemployment statistics of the veteran community, the barriers faced by transitioning military personnel when trying to enter the civilian workforce and a CWP demonstration project that identified solutions to breaking down those barriers, and finally, comments on the Veterans Self-Employment Act and incorporating entrepreneurial options into systems that are already in place to help veterans successfully transition into civilian life.

National Unemployment Statistics for Veterans

America is facing an impending workforce shortage. Skilled workers qualified to perform in today's and tomorrow's highly technological workplace are becoming a rare commodity. In CWP surveys of small and medium-size businesses conducted over the past three years, employers report difficulty in finding qualified workers due to a lack of skills. In addition, within two years, about 30 percent of these employers no longer believe that the skills of their current workforce will keep pace.

To be competitive and sought-after in the 21st century job market, Americans, whatever their background, must have at least 15 years of education and training over the course of their lives. In 1950, 80 percent of jobs were classified as "unskilled." Now, an estimated 85 percent of all jobs are classified as "skilled." Today, few working adults have the education and skills required for a knowledge economy – only 40 percent of adults in the workforce in 2000 had any postsecondary degree, associates or higher. For veterans, this situation is magnified. The U.S. Department of Defense reports that nearly 80 percent (78%) of active duty personnel are below age 35 with at least a high school diploma (82%). Statistics show that many have had no formal education or training beyond their high school years other than what has been provided during their tenure with the military.

National unemployment statistics for veterans reflect the important link between education level and employment. Over 200,000 military personnel transition into the national civilian workforce annually and unemployment among service members transitioning into the workforce for the first time is almost twice the nation's average. According to the annual report of Veterans in Federal Government for FY 2002, veterans made up 10.2 percent of the total civilian labor force. For the same period of time, DOL statistics report a national unemployment rate of 4.7 percent for veterans. Certain subgroups among veterans have recently shown disproportionately higher unemployment

rates than the overall veterans' rates. This is especially true for African American veterans where unemployment stands at 7.1% and 6.0% for Hispanics.

Among active duty personnel, almost half are married with children and live off base. There are approximately 750,000 spouses of active duty military personnel stationed at bases around the world. U.S. Department of Defense figures show that over 65 percent of all military spouses work and that 80 to 91 percent would like to work if they could find appropriate employment opportunities. Just under half of officer spouses are employed with an additional 7 percent seeking work. In contrast, over half of enlisted spouses are working and 8 percent are looking for employment.

Barriers Faced by Transitioning Military in the Civilian Workforce

American military veterans possess a wealth of experience and abilities. Their training in the armed forces has provided them with high-end skill sets that employers are looking for in their future workforce. Yet veterans are having difficulty finding employment in the civilian labor force. Two main causes are attributed to this dilemma:

- Many highly-skilled transitioning military personnel do not know how to apply their knowledge in the civilian labor market.
- Upon discharge from the military, many transitioning military personnel and their spouses are not given information on available resources that will help them find jobs compatible with their skills or obtain the training they need to advance in the civilian workplace.

Unfortunately, many veterans are unable to see how their training translates into mainstream employment opportunities, which in turn makes it difficult to articulate to prospective employers how their skills apply to available jobs. As a result, these veterans remain unemployed for long periods of time or feel they have no other option but to apply for low-wage, low-skilled jobs under the assumption that there is no demand for their skills in the civilian job market.

Small and medium-size employers especially, need to better communicate their workforce requirements through chambers that organize and aggregate the labor market needs of business and articulate them to the publicly-funded

workforce system and other community resources. By making meaningful connections with military transitioning programs, these community stakeholders can figure prominently in developing processes that better serve transitioning veterans.

In the past two years, CWP has been actively involved in an effort to help military personnel transition from the armed forces into civilian careers. In 2002, CWP created *Operation Transition*, a successful demonstration program designed in collaboration with the Veterans of Foreign Wars (VFW). *Operation Transition* is a proven, demonstrated model that aligns the resources of the military, business and the publicly-funded workforce system to create a seamless connection of services and support for transitioning military personnel and their spouses. The model responds to local and regional needs and brings the whole community to bear in the successful transitioning of military personnel into civilian life.

The demonstration project provided a wealth of information on the needs of the transitioning military population. For example, we found that several individuals leaving the service who worked on airplanes in the military applied for civilian jobs in the same field. None were hired. The civilian company was invited to the base to get a better understanding of the applicants' skills. After that visit, the company came away with a greater knowledge of what the applicants could do and decided to hire transitioning military personnel. The initial problem was that the resumes submitted by veteran applicants did not properly convey their transferable skills and qualifications.

In another case, a site visit to observe a Transition Assistance Program (TAP) seminar at a Marine Recruit Depot provided an opportunity to witness first-hand the information shared with the military as they prepared to enter civilian life. In the first two days of the seminar, a significant amount of time was spent on preparing for employment, yet very little time was spent on accessing local employment and training resources to help with the job search before and after separation. In addition, many separating military personnel commented that they did not feel they had the skills to match the needs of the local workforce.

With knowledge of these gaps in communication and disconnects in the system, it became clear that three primary factors had to be addressed in order to help veterans successfully transition from the military to the civilian workforce.

- The military, civilian workforce development systems and businesses must form partnerships that promote greater communication and exchange of information to provide transitioning veterans with a full range of resources and options.
- The military must become a key stakeholder in the transitioning process by taking more responsibility for helping veterans to prepare for work beyond military service.
- More efficient use should be made of the military's TAP program to better support military personnel as they reenter civilian life.

Subsequently, CWP identified recommendations for fostering better communication and collaboration between TAP, businesses, community service providers and the publicly-funded workforce system to create a seamless system of services and support for transitioning military personnel. As it stands now, we are seeing: an impending shortage of skilled workers; a majority of incumbent workers without a postsecondary education that will not meet the challenges of the 21st century workplace two years from now without retraining or continuing education; a military transitioning system that does not encourage veterans to go into business for themselves or even offer the option of entrepreneurship; and a TAP process for transitioning veterans that needs to be better connected to the community. The Veterans Self-Employment Act, however, appears to address these concerns.

Specific Comments on the Veterans Self Employment Act

Understanding the future demographics and the rapidly increasing skill demands for jobs, remaining competitive is going to require focusing on:

- Recruiting and retaining qualified workers in the workforce
- Making the best use of resources so that employers have the workers they need and workers have access to jobs with family-sustaining wages
- Providing access to education and training opportunities for all workers to remain competitive and advance in their careers
- Reaching underutilized populations and bringing them into the workforce

- Finding new options for more experienced workers to continue their careers and remain in the workforce

The Veterans Self-Employment Act of 2004 provides a new option to veterans for training, job creation and employment that is consistent with our understanding of future labor market opportunities. A significant portion of future job growth is going to occur in small and medium-size business. Allowing veterans the option of training that leads to franchise development corresponds to where the new jobs are likely to be created.

CWP has learned through its work that a vast array of resources is available to transitioning military personnel, spouses and veterans. While these resources have proven effective over time, they have not been coordinated and aligned with the needs of the local labor markets which are critical to success. Through relevant training and career assistance linked to accurate local labor market information, eligible veterans can apply their military experience and training to entrepreneurial pursuits in order to become successful civilian employers.

In order to achieve a coordinated strategy to address veterans' employment needs as well as market needs, we would suggest that the committee consider language that encourages bridging the gap between military and workforce resources in communities. Training must connect to real jobs. By creating a strategy that coordinates veterans' training with the publicly-funded workforce system, chambers of commerce that reach thousands of small and medium-size businesses and education and training providers, this goal can be achieved.

Additionally, we would suggest that the Veterans' Self-Employment Act of 2004 include ways to modify the military's own Transition Assistance Program (TAP) to include access to entrepreneurship training and franchise development. By helping to create new small and medium-size businesses, self-employed veterans can contribute to the strength and economic development of their communities.

Conclusion

The U.S. Chamber of Commerce and the Center for Workforce Preparation believe that the Veterans Self-Employment Act would encourage entrepreneurship and stimulate economic development across the country,

especially in areas that have high military discharge rates and unemployment among veterans and the local citizenry in general. The provisions of the Act increase options for veterans and help them to leverage their military training and knowledge to create new business ventures. Small and medium-size businesses are expected to account for 75% of new job growth in the next 15 years. This is why franchising is so important and the Veterans Self-Employment Act will serve as a catalyst for the creation of those jobs.

I hope that my testimony has been helpful and informative. I want to thank the Committee for this opportunity.