

**STATEMENT OF
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COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
UNITED STATES HOUSE OF REPRESENTATIVES
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EXECUTIVE SUMMARY

- Vocational Rehabilitation and Employment (VR&E) service projects a 10 percent increase in its workload for fiscal year (FY) 2012 over 2011, a workload of 119,905 veterans. These numbers continued to increase from FY 2011's workload of an estimated 109,005. Additional funding to support this growth is essential.
- General Accounting Office (GAO) 2009 study assessed VR&E staff's ability to meet its core mission and found:
 - 54 percent of all 57 regional offices reported fewer counselors than needed;
 - 40 percent reported fewer employment coordinators than needed; and
 - 90 percent reported caseloads more complex for veterans of the current conflicts.
- VR&E current caseload target is one counselor for every 125 veterans, but feedback from the field found workload ranging as high as one to 160.
- VR&E needs at least 100 new staff counselors to reduce current counselor-to-client workload and 50 additional full-time employees (FTE) for management and oversight of contract counselors and rehabilitation and employment service providers.
- VR&E needs 10 additional FTE to expand the Veteran Success on Campus program.
- Congress should continue to monitor the results of ongoing work measurement/skills studies and provide funding for any identified staffing needs and targeted training in core competencies.
- Congress should fund the longitudinal study it mandated in Public Law 110-389, which will provide greater understanding of the needs of VR&E program participants and accuracy of reporting of program outcomes.
- To achieve better outcomes, VR&E service along with other VA employment, education and business assistance programs designed to enhance economic security, should be reorganized into a single new administration inside Department, on par with the Veterans Health Administration, Veterans Benefits Administration and National Cemetery Administration.

STATEMENT

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting the Disabled American Veterans (DAV) to testify at this important hearing of the Subcommittee on Economic Opportunity to address the Vocational Rehabilitation and Employment (VR&E) Service's fiscal year (FY) 2012 budget, its operations and ways to improve its performance. DAV is an organization of 1.2 million service-disabled veterans, and we devote our energies to rebuilding the lives of disabled veterans and their families and survivors.

Congress appropriates funds to the Department of Veterans Affairs (VA) so it can provide assistance to veterans seeking employment through VR&E services, VetSuccess program. This program assists veterans with service-connected disabilities in preparing for, finding and keeping jobs suitable to their skill sets. For veterans with severe service-connected disabilities that impact their ability to immediately work, other services are available to help them live as independently as possible.

Veterans are eligible for VR&E's VetSuccess program if they have an other than dishonorable discharge as well as a service-connected disability rating of at least 10 percent, or a memorandum rating of 20 percent or more from the VA. The VetSuccess program is also open to active duty military who expect they will be separated with an honorable discharge and who also have a memorandum rating of 20 percent or more from the VA. Those who meet these criteria and apply for the program may receive a comprehensive evaluation that determines their employment interests, skills and abilities. Once the evaluation is complete, vocational counseling and rehabilitation planning towards employment service assistance may be provided. These employment services include job training, job-seeking skills, resume development, and other types of work readiness assistance. They may be given the opportunity to enhance existing skills sets through on-the-job-training (OJT), apprenticeships, and non-paid work experiences as well as post-secondary training at a college, vocational, technical or business school. During this process, participants may also receive supportive rehabilitation services such as case management, counseling, and even medical referrals.

Those with severe disabilities that are unable to work may qualify for the Independent Living program which allows eligible veterans to live independently. They may be provided assistive technology to help them adapt to their circumstances, specialized medical, health, or rehabilitation services, assistance in addressing personal or family adjustment issues and be put in contact with support services within their community.

The basic period of eligibility for VetSuccess cannot currently exceed 12 years from either the date of separation from active duty, or the date the veteran was notified by the VA of their service-connected disability rating. This 12-year eligibility period can only be extended if a Vocational Rehabilitation Counselor (VRC) determines that a veteran has a serious employment handicap.

The extended nature of the current overseas conflicts, combined with the slow recovery of the economy, have resulted in a projected 10 percent increase in VR&E's workload. In FY

2012, the VA anticipates 119,905 program participants to apply for these benefits as regular military personnel, guardsmen, and reservists return from the global war on terrorism and transition to veteran status. These numbers continued to increase from FY 2011's workload of an estimated 109,005. Additional funding to support this growth is essential. The President has requested 1,286 direct FTE to provide these critical services, an increase of 129 above the FY 2011 FTE level.

DAV and our partners from *The Independent Budget* (IB) referenced in our FY 2012 document a General Accounting Office (GAO) 2009 study that assessed VR&E staff's ability to meet its core mission.¹ GAO found:

- 54 percent of all 57 regional offices reported fewer counselors than needed;
- 40 percent reported fewer employment coordinators than needed; and
- 90 percent reported caseloads more complex for veterans from the current conflicts.

Feedback that DAV received from the field found that while VR&E has a current caseload target of one counselor to every 125 veterans, the actual workload ranged as high as one to every 160 veterans. The IB recommended 100 new staff counselors and 50 additional FTE for management and oversight of contract counselors and rehabilitation and employment service providers. We concur with the Committee's *Views and Estimates for FY 2012* that VR&E counselors' current caseload is too high.

While addressing staffing, we must also highlight "Veteran Success on Campus," a VA pilot program begun at the University of Southern Florida, which placed a vocational rehabilitation counselor and a Veterans Health Administration (VHA) outreach coordinator on the campus to assist veterans in vocational rehabilitation as well as veterans enrolled in the Post-9/11 GI Bill or other VA educational programs. Given the program's success, the *Independent Budget* Veterans Service Officers (IBVSOs) supported its expansion to Cleveland State University, Ohio and San Diego State College, California in FY 2011. In FY 2012, the plan is to expand the program further to Rhode Island Community College, Texas A&M, Arizona State University in Tempe, and Salt Lake City Community College. VR&E requested at least 10 full-time employees in FY 2012 to manage this expanding campus program. The IBVSOs support this request.

We were pleased with the Committee's *Views and Estimates for FY 2012* which stated, "...given the caseload increase of roughly 10,000, the FTE increase will do little to reduce the average caseload from the current 135 to 150 veterans per counselor." You recommended a reallocation of \$5.5 million from the General Administration account to support 50 additional VR&E counselors, above the increase of 129 called for by the President, to both decrease the length of time needed to begin receiving services and increase the quality of those services.

¹ Government Accountability Office, *VA Vocational Rehabilitation and Employment: Better Incentives, Workforce Planning, and Performance Reporting Could Improve Program*, GAO-09-34, January 26, 2009, 6.

In accordance with DAV Resolution No. 307, which calls for increased staffing levels in VR&E, and the IB, we support the Committee's *Views and Estimates for FY 2012* call for an increase in VR&E staff to 179 FTE.

The next area to address is the operation of the VR&E service and ways it could be improved. Congress should continue to monitor the results of VR&E's ongoing work measurement and skills study begun in February 2010 through its Business Process Reengineering (BPR) initiative. The BPR initiative is focused on streamlining processes and paperwork, redefining roles and metrics as well as leveraging technology to improve delivery of services. Once completed, we encourage Congress to provide the necessary funding for any identified staffing needs and targeted training in core competencies as well as possible legislative remedies.

An accurate determination of the effectiveness of the VR&E program is an essential element in decisions regarding delivery of services, staff size, level of expertise, ongoing staff training requirements, optimum service delivery mechanisms to address the needs of program participants, the accuracy of reporting outcomes and other areas for improvement. The opportunity to obtain information to address these concerns can be obtained from a longitudinal study, a correlational research study that involves repeated observations of the same items over long periods of time, often decades. Longitudinal studies track the same people, and therefore the differences observed in those people are less likely to be the result of cultural differences across generations. Congress mandated such a study with the passage of the Veterans' Benefits Improvement Act of 2008, Public Law 110-389, section 334, on October 10, 2008. VA was required to conduct a longitudinal study of its vocational rehabilitation programs, tracking individuals over a 20-year period that began participating in a vocational rehabilitation program during fiscal years 2010, 2012, and 2014. Annual reports are due to the Committees on Veterans' Affairs of the Senate and House of Representatives on July 1 of each year, with the first one due this year. The focus of the study is to assess the long-term outcomes of the individuals participating in the vocational rehabilitation programs.

We agree with Congress that such a study is certainly needed as it has the great potential to provide fresh insights into the complex issue of delivery of VR&E services to our nation's veterans. We therefore urge Congress to appropriate the necessary funds to support such a study.

Delivery of services will be further enhanced with the planned stationing of VR&E counselors at four of the largest Integrated Disability Evaluation System (IDES) sites. The IDES mission is to provide a Department of Defense (DOD) and VA IDES that is seamless, transparent, and administered jointly by both Departments, using one disability rating system, thus streamlining the process for the military personnel transitioning from the DOD to the VA. IDES features a single set of disability medical examinations to determine both fitness and disability, and a single set of disability ratings provided by VA. The IDES is the result of a recommendation of the President's Commission on Care for America's Returning Wounded Warriors that "DOD and VA should create a single, comprehensive, standardized medical examination that the DOD administers. It would serve DOD's purpose of determining fitness and VA's of determining initial disability level."²

² The President's Commission on Care for America's Returning Wounded Warriors (July 2007), 7.

When a military member's medical conditions cause them to be put on a medical profile that makes them no longer deployable and curtails their ability to effectively carry out the duties of their rank and military specialty, they will be evaluated by a Medical Evaluation Board (MEB). If the MEB determines that the member has a medical condition which is incompatible with continued military service, they are referred to the IDES. Then, an Informal Physical Evaluation Board (IPEB) determines if the military member is fit for continued duty. Through a review of medical documentation, a commander's statement and information submitted by the military member, a three-member board from the member's military Service branch determines if they can continue in the service. If the IPEB decides the member can continue, they are designated "fit" and returned to duty. If not, they are found "unfit."

If found unfit, the records are sent to the Veterans Benefit Administration (VBA) to receive a disability rating. After the VBA reviews the records and determines the disability rating, the record is passed back to the IPEB, which uses the VA's cumulative rating to determine the overall percentage of disability for the unfit conditions causing the member to be separated from the military. There are three types of medical separations the member can receive: separated without severance pay, separated with severance pay, or retired. Once the military member is informed of the IPEB's decision, they can either accept the findings or appeal the decision to a Formal Physical Evaluation Board (FPEB). The FPEB reviews all the information that the IPEB had, with the added feature of the member being able to personally appear before the FPEB and offer additional evidence. The FPEB holds a hearing, weighs the prior evidence, the member's testimony and any new evidence presented, and renders its recommendation. Just as with the IPEB, there are three types of medical separations the member can receive: separated without severance pay, separated with severance pay, or retired. Those who receive a disability rating of 20 percent or less are separated with or without severance pay. Those who receive a disability rating of 30 percent or more are either placed on the Temporary Disability Retired List and reevaluated at least every 18 months with a final disability rating decision rendered at the five year point, or they are permanently retired from military service.

As currently planned, when the military member is being processed through one of the four IDES sites staffed with VR&E counselors, they will be given a mandatory appointment to meet with a VRC and will be assisted in developing vocational goals as part of a vocational rehabilitation plan to assist them in making a successful transition from the military. These services will range from a comprehensive rehabilitation evaluation to determine abilities, skills, and interests for employment purposes to support services to identify and maintain employment. By physically placing VRCs at the largest IDES locations, benefits delivery timeliness may be improved, early intervention will help combat homelessness as well as poverty caused by under-employment.

While we are pleased with the progress of the IDES program to date and VR&E's plans to expand delivery of services, we are concerned about another aspect of the program; service members participating in IDES not having ready access to representation from a veterans service organization. As a result, most of the separating military members are relying instead on the advisory services of military counsel. Because most service members undergoing this process are unaware of what is clearly a complex disability adjudication process which can render

decisions with ramifications on access to VA benefits for years afterward, we believe their interests would best be served if they are represented by a national service officer of a chartered veterans service organization. DAV and the other coauthors of the IB therefore urge the DOD and VA to address this observed gap in IDES and expand access to our services.

Another area where access to VR&E services could be enhanced would be with the elimination of the current 12-year eligibility period. In accordance with DAV Resolution No. 303, we recommend leaving the date to apply for this benefit open-ended. Despite efforts to keep veterans informed of their benefits, not all disabled veterans are aware of their possible entitlements to VR&E programs at the time they are awarded service connection for disabilities until life's circumstances otherwise intervene. Many veterans do not necessarily see themselves as needing vocational rehabilitation until later in life, which is often after the current 12-year rule excludes them from the benefit they need and to which they would otherwise have been entitled. Since VA puts no time limit on when a veteran may claim his or her disability, we assert that there should be no time limit for access to VR&E benefits either. Open-ended eligibility could also help reduce the claims workload as applicants would not have to submit new claims or reopen old ones in hopes of being granted a new service connection that would once again make them eligible for VR&E benefits.

The VR&E Service focuses on providing individualized services to veterans with service-connected disabilities in an effort to assist them in achieving functional independence in daily activities, becoming employable, and obtaining and maintaining suitable, quality employment. VR&E has focused more on the vocational rehabilitation aspect and less on employment. For example, VR&E only conducts a 60-day follow-up on individuals recently employed as a measure to determine if they are "fully rehabilitated." Even more disturbing is the fact that if a veteran discontinues the use of VR&E services, regardless of the reasoning, VR&E reports it as a successful case of "full rehabilitation." It is imperative that programs designed to prepare veterans for employment, both vocational rehabilitation and education programs, be better integrated with programs designed to secure veterans' employment.

We also recommend, in accordance with DAV Resolution No. 307, that the current 60 days of employment as the standard for a veteran to be considered fully employed is insufficient. Typically, new employers require much longer periods of probationary employment. In the federal sector, the probationary employment period can be for up to one year. We therefore recommend VR&E provide placement follow-up with employers for at least six months.

VA also needs to continue improving its coordination with non-VA vocational programs to ensure that veterans are receiving the full array of benefits and services to which they are entitled in a timely and effective manner. Under the VA Strategic Plan for FY 2006-2011, the VA acknowledged that it plans to continue the utilization of non-VA providers to supplement and complement services provided by VR&E staff. Many state vocational rehabilitation agencies have memoranda of understanding with their state departments of veterans' services to coordinate services for veterans with disabilities, and some state agencies have identified counselors with military backgrounds to serve as liaisons with VA and veterans' groups. Moreover, the VA is increasingly engaged with state vocational rehabilitation agencies in outreach to the business community to promote veterans with disabilities as a valuable talent

pool. In addition, numerous nonprofit vocational rehabilitation providers have served veterans with disabilities for many years in partnership with VA.

These partnerships, however, create challenges that VA needs to address. Whereas qualified providers can partner easily with most state vocational rehabilitation agencies, VA's national acquisition strategy is viewed as overly cumbersome by private providers seeking to contract with VR&E. As a result, private non-VA providers that could address some of the demand by disabled veterans for employment assistance are shut out by complicated contracting rules. At the same time, state vocational rehabilitation agency staff may not always be familiar with veteran-specific disability issues related to traumatic brain injury, post-traumatic stress disorder, and other combat-related injuries and conditions. In addition, because of funding and staffing shortages experienced by state vocational rehabilitation agencies, disabled veterans seeking vocational rehabilitation services could bounce between VA's VR&E and state vocational rehabilitation agencies without being properly served.

We recommend that VR&E Service improve its national acquisition strategy to make it easier for qualified vocational rehabilitation providers to offer services to disabled veterans. Further, VA should offer joint training to their staffs as well as state vocational rehabilitation partners on traumatic brain injury, post-traumatic stress disorder, and other veteran-specific disability issues to improve cross-agency coordination. VR&E should continue to enhance coordination with state vocational rehabilitation programs, One-Stop Career Centers, and private sector vocational rehabilitation programs. The VR&E Service should also improve case management techniques and use state-of-the-art information technology to track the progress of veterans served outside VR&E.

We also know that veterans with dependents are the second largest group that looks to VR&E for assistance. They also tend to use VR&E's employment services track more than disabled veterans who do not have dependents. While pursuing vocational rehabilitation may be a wish, the need for immediate employment to meet the demands of life's financial obligations in cases where VA's assistance is inadequate. For example, those veterans who do not qualify for the Post 9/11 GI Bill do not have the option of using the more generous housing stipend over the vocational rehabilitation's living stipend. We therefore recommend veterans in this circumstance be provided child care vouchers or stipends so long-term education or vocational rehabilitation will no longer be out of reach. We also recommend a monthly stipend for those participating in the employment track of VR&E programs.

The Independent Living program, as noted earlier, allows eligible veterans to live independently by providing assistive technology to help them adapt to their circumstances, specialized medical, health, or rehabilitation services, assistance in addressing personal or family adjustment issues and be put in contact with support services within their community. Unfortunately, the program participation is capped and program participation cannot exceed 30 months. The current cap is at 2,700 as a result of Public Law 111-275, the Veterans Benefits Act of 2010. The problem is, as VR&E approaches the ceiling each year, it must consequently slow delivery of services until the next fiscal year. We therefore recommend that Congress eliminate the 30-month maximum and the cap on program participation.

The last area I wish to address has to do with the delivery of services, not just by VR&E service, but all VA programs designed to enhance the economic security of veterans, specifically those focused on employment, education, and business assistance. In accordance with DAV Resolution 306 and the recommendation of the FY 2012 IB, we call for the reorganization of all such programs within a single new administration inside the Department, commensurate with VHA, VBA, and the National Cemetery Administration.

While all Americans face challenges during economic downturns, veterans have been particularly hard hit. Statistics clearly illustrate the struggle that veterans face while transitioning from military service to civilian life. Unemployment statistics for February 2011 from the Bureau of Labor Statistics showed the overall unemployment rate for all veterans of 9.2 percent.³ For veterans from the Iraq and Afghanistan conflicts, the unemployment rate is 12.5 percent.⁴ While there is some improvement from March 2010, when the unemployment rate was 14.7 percent for this group, it is still higher than the national average. Moreover, younger veterans, those ages 18-24, are at times twice as likely to be unemployed as their civilian counterparts.

On any given night it is estimated there are 79,000 homeless veterans. Even though this number has decreased in recent years, it is still too high. Congress approved a historic new GI Bill for Post-9/11 veterans, but VA struggled to implement this program and deliver this benefit. Vocational rehabilitation programs for disabled veterans have failed to achieve adequate success rates despite improvements in recent years. VA programs designed to provide assistance to veteran entrepreneurs have fallen short of expectations, in part due to the lack of funding and proper organization.

In order to achieve better outcomes for veterans, DAV and our partners in the IB believe that VA programs that effect veterans' economic status should be housed under a new and separate administration, the Veterans Economic Opportunity Administration (VEOA). The VEOA would be headed by an Under Secretary for Veterans Economic Opportunity who would administer all VA programs of economic opportunity assistance to veterans and their dependents and survivors. This new administration would be responsible for and composed of the following existing programs: VR&E Service; Education Service (GI Bill); Office of Small and Disadvantaged Business Utilization; Homeless Veterans Program Office; and Home Loan Guaranty.

As veterans' programs have become more complex over the years, the dispersed nature of these programs has challenged VA's senior management to effectively monitor the delivery of services for each program. Establishing a fourth administration within VA dedicated to creating economic opportunities for veterans would increase the visibility and accountability of all employment-related programs and would allow an overburdened VBA to focus on the monumental task of reforming the disability compensation claims processing system.

Mr. Chairman, this concludes my testimony. I would be glad to answer any questions you may have.

³ Table A-5. Employment status of civilians of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted, March 4, 2011, <http://www.bls.gov/news.release/empsit.t05.htm>

⁴ Ibid.