



Testimony

Before the Subcommittee on Economic  
Opportunity, Committee on Veterans'  
Affairs, House of Representatives

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**HOMELESS VETERANS**

**Job Retention Goal Under  
Development for DOL's  
Homeless Veterans'  
Reintegration Program**

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Highlights of [GAO-05-654T](#), a testimony before the Subcommittee on Economic Opportunity, Committee on Veterans' Affairs, House of Representatives

### Why GAO Did This Study

The Department of Veterans Affairs (VA) has estimated that as many as 250,000 veterans may be homeless on any given day. Many other veterans are also considered at risk for homelessness because of poverty, lack of support from family and friends, and precarious living conditions in overcrowded or substandard housing. One federal program designed to help these veterans is the Department of Labor's (DOL) Homeless Veterans' Reintegration Program (HVRP)—a grant program that provides funding for employment and training services for homeless veterans. GAO was asked to assist the subcommittee with its consideration of HVRP reauthorization by providing information on DOL's (1) expenditures on HVRP grants and (2) measures and goals for assessing the effectiveness of HVRP. GAO reviewed VA and DOL documentation that included the amounts DOL expended for HVRP as well as information on HVRP grantees and performance goals. GAO also interviewed DOL program officials.

[www.gao.gov/cgi-bin/getrpt?GAO-05-654T](http://www.gao.gov/cgi-bin/getrpt?GAO-05-654T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cynthia A. Bascetta at (202) 512-7101.

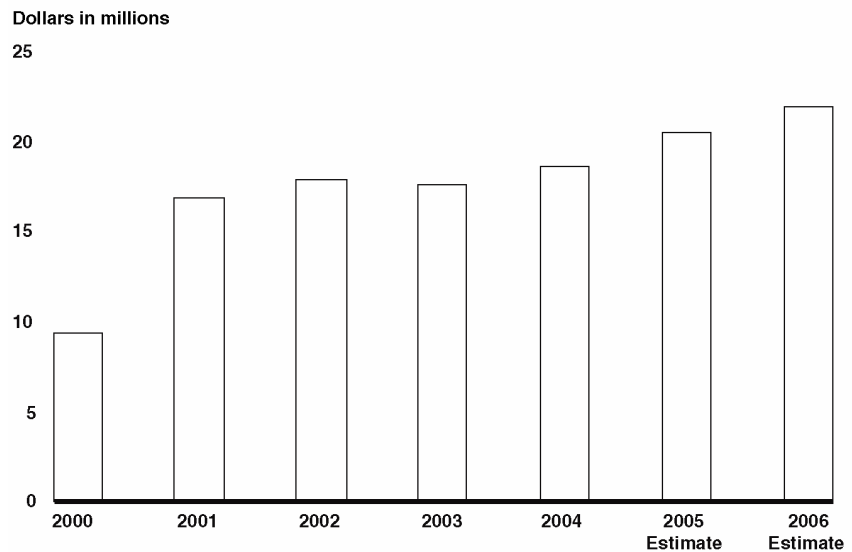
## HOMELESS VETERANS

### Job Retention Goal Under Development for DOL's Homeless Veterans' Reintegration Program

#### What GAO Found

DOL's expenditures for HVRP grants have increased from \$9.5 million in fiscal year 2000 to over \$18 million in fiscal year 2004. For fiscal years 2005 and 2006, DOL estimates that it will expend over \$20 million on HVRP grants each year. Currently, DOL oversees 79 HVRP grants that help provide employment and job training services for homeless veterans.

**DOL Actual and Estimated Expenditures on HVRP Grants for Fiscal Years 2000-2006**



Source: DOL.

In program year 2003 (July 1, 2003 through June 30, 2004), 63 percent of homeless veterans enrolled in HVRP funded programs entered employment, which exceeds the 61 percent entered-employment goal in DOL's fiscal year 2006 budget. DOL recently reported that for program year 2003, 35 percent of employed veterans served through the program retained their jobs for 180 days. However, DOL is in the process of developing a performance goal for this job retention measure. This goal along with the entered-employment goal will help DOL, Congress, and others evaluate the impact that HVRP has on homeless veterans.

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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss employment and job-training services for homeless veterans through the Department of Labor's (DOL) Homeless Veterans' Reintegration Program (HVRP). HVRP is a grant program that funds employment and training services for homeless veterans, as part of DOL's overall efforts under the Veterans' Employment and Training Service (VETS). The Department of Veterans Affairs (VA) has estimated that as many as 250,000 veterans may be homeless on any given day. Many other veterans are also considered at risk for homelessness because of health problems such as substance abuse and mental illness, poverty, lack of support from family and friends, and precarious living conditions in overcrowded or substandard housing. Multiple federal agencies such as VA, DOL, and the Department of Housing and Urban Development (HUD) administer programs that serve homeless veterans.

To assist the subcommittee with its consideration of HVRP reauthorization, my testimony today provides information on DOL's (1) expenditures on HVRP grants and (2) measures and goals for assessing the effectiveness of HVRP.

During the course of our work, we examined DOL's HVRP grant expenditures for fiscal years 2000 through 2004 and its projected budgets for 2005 and 2006. We reviewed our past work on federal efforts to address the needs of homeless veterans, including related veteran employment and training services. (See Related GAO Products at the end of this statement.) We also reviewed VA and DOL agency documentation that describes the services provided to homeless veterans, interviewed DOL program officials, and made a site visit to an HVRP grantee that provides training, education, and housing services in Baltimore, Maryland. DOL provided us with information on HVRP grantees, participants, and performance measures. However, we did not perform independent verification of its data. We discussed the information contained in this statement with DOL officials, who agreed with its contents. We performed our work in April 2005 in accordance with generally accepted government auditing standards.

In summary, DOL's expenditures for HVRP grants have increased from \$9.5 million in fiscal year 2000 to over \$18 million in fiscal year 2004. For fiscal years 2005 and 2006, DOL estimates that it will expend over \$20 million on HVRP grants each year. Currently, DOL oversees 79 HVRP grants that help provide employment and job training services for homeless veterans. In program year 2003 (July 1, 2003, through June 30,

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2004), 63 percent of homeless veterans enrolled in HVRP funded programs entered employment, which exceeds the 61 percent entered-employment goal in DOL's fiscal year 2006 budget. DOL recently reported that for program year 2003, 35 percent of employed veterans served through the program retained their jobs for 180 days. However, DOL has not developed a performance goal for this job retention measure, but plans to do so for 2007. Moreover, DOL has not provided the Congress with statutorily required reports on program effectiveness.

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## Background

VA has estimated that one-third of homeless adults have served in the armed forces and as many as 250,000 veterans may be homeless on any given day.<sup>1</sup> Further, according to VA, about 45 percent of homeless veterans have mental illnesses, and slightly more than 70 percent have alcohol and drug abuse problems.

Under VETS, DOL administers specific programs and activities designed to help veterans obtain employment and training assistance. DOL carries out its responsibilities through a nationwide network that includes staff in each of its 10 regions and staff in state offices. VETS funds three types of grant programs to support veterans—HVRP, the Jobs for Veterans' State Grants Program, and the Veterans Workforce Investment Program. HVRP is the only VETS program specifically targeted to homeless veterans.

HVRP was initially authorized in 1987, as part of the Stewart B. McKinney Homeless Assistance Act (McKinney Act).<sup>2</sup> Congress passed the McKinney Act in part because of concerns that the needs of homeless people were not being met beyond their immediate needs for food and shelter.<sup>3</sup> The McKinney Act was the first comprehensive law designed to address other needs of homeless people such as physical and mental health care, education, and job training. Currently, HVRP is authorized under the Homeless Veterans Comprehensive Assistance Act of 2001 (HVCAA), which provides that the Secretary of Labor shall conduct programs to

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<sup>1</sup>VA bases its homeless veteran population estimate on the Urban Institute's analysis of a 1996 survey of homeless clients and providers conducted by the Census Bureau: *Homelessness: Programs and the People They Serve, Technical Report prepared by the Urban Institute for the Interagency Council for Homelessness, Sept. 1999.*

<sup>2</sup>See Pub. L. No. 100-77, § 738, 101 Stat. 482, 530-31 (1987).

<sup>3</sup>The act's definition of homeless includes individuals who lack a fixed, nighttime residence and whose primary nighttime residence is either a supervised temporary shelter, institution, or a place not ordinarily used for sleeping.

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provide job training, counseling, and placement services to expedite the reintegration of homeless veterans into the labor force.<sup>4</sup>

HVRP grants are intended to address two objectives: (1) to provide services to assist in reintegrating homeless veterans into meaningful employment within the labor force and (2) to stimulate the development of effective service delivery systems that will address the complex problems facing homeless veterans. There are four types of grants that are administered under HVRP—urban, non-urban, intermediary, and grants to serve previously incarcerated veterans. DOL awards urban grants to applicants that provide services in the 75 most populated cities and non-urban grants to applicants that provide services in smaller cities and rural areas. Additionally, DOL awards grants to intermediaries that award a substantial portion of their grants to eligible local grass roots organizations to provide employment and training services. Finally, DOL awards Incarcerated Veterans' Transition Program grants for serving only previously incarcerated veterans at risk of homelessness.

Various organizations, for example state and local agencies, private industry, and nonprofit organizations are eligible to receive grants under HVRP. DOL assesses each application and awards grants based on a number of factors including applicants' strategies for employment and retention of employment, and program design as it relates to job training, counseling, mentoring and other assistance to expedite the reintegration of homeless veterans into the labor force. Currently, there are 79 active grants.

Grantees are required to provide an array of services utilizing a case management approach that directly assists homeless veterans and provides critical linkages for a variety of supportive services available in their local communities.<sup>5</sup> Job placement, training, career counseling, and resume preparation are among the services that are provided by grantees. Supportive services such as referral to medical and substance abuse treatment; provision of or referral to temporary, transitional, and

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<sup>4</sup>See Pub. L. No. 107-95, § 5, 115 Stat. 903, 909-10 (2001).

<sup>5</sup>Case management is a client-centered approach for the delivery of intensive services. Case management is designed to prepare and coordinate comprehensive employment plans for participants, to help ensure access to the necessary training and supportive services, and to provide support during program participation and after job placement.

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permanent housing; and transportation assistance are also provided to help meet the needs of homeless veterans.<sup>6</sup>

Prior to fiscal year 2003, HVRP grants included 1 additional year of optional funding after the year of award. Beginning in fiscal year 2003, DOL awards grants for one year, with the option of additional funding in each of the next two years based on grantee performance and the availability of funds.<sup>7</sup> DOL does not guarantee additional funding for option years when it awards HVRP grants.

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### DOL Expenditures on HVRP Grants Have Increased Since Fiscal Year 2000

DOL expenditures for HVRP grants increased from \$9.5 million in fiscal year 2000 to over \$18 million in fiscal year 2004. During fiscal year 2000, DOL awarded \$9.5 million for 54 HVRP grants to provide employment and training services for 7,800 homeless veterans. During fiscal years 2001 through 2003, DOL spent about \$17.5 million annually to fund 81, 62, and 77 grants, respectively, to serve about 14,000 homeless veterans each year.

In fiscal year 2004, DOL spent about \$18.6 million for HVRP grants—most of it for urban and non-urban grantees. It was also the first year that HVRP provided grants to intermediaries and, during that year, DOL expanded grants specifically to serve previously incarcerated veterans—\$900,000 for intermediaries and \$1.5 million for the Incarcerated Veterans' Transition Program.<sup>8</sup> HVRP is projected to grow modestly in fiscal years 2005 and 2006 from fiscal year 2004 funding levels. DOL estimates that it will spend about \$20 million annually on HVRP grants for fiscal years 2005 and 2006. (Figure 1 shows DOL actual and estimated expenditures on HVRP Grants for fiscal years 2000-2006.)

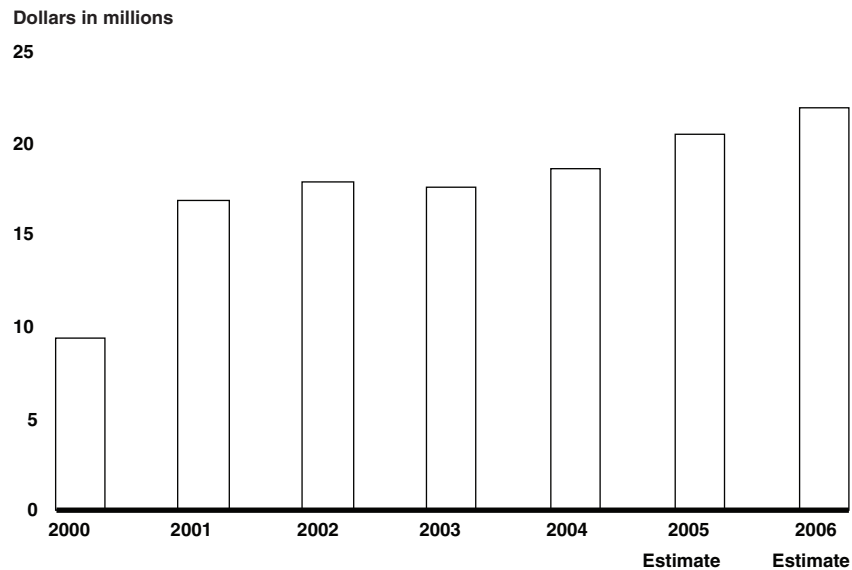
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<sup>6</sup>Transitional housing is generally housing in which homeless persons live for up to 24 months and receive supportive services that enable them to live more independently. Permanent housing is long-term community-based housing and supportive services for homeless persons with disabilities. The intent of this type of supportive housing is to enable this special needs population to live as independently as possible in a permanent setting.

<sup>7</sup>HVRP grants are made for a program year that runs from July 1 to June 30.

<sup>8</sup>DOL reports that a demonstration grant was provided to serve previously incarcerated veterans in fiscal year 2003.

**Figure 1: DOL Actual and Estimated Expenditures on HVRP Grants for Fiscal Years 2000-2006**



Source: DOL.

## DOL Has Established an Entered-Employment Goal; an Employment-Retention Goal Is Under Development

For program years 2004 and 2005, DOL set an entered-employment goal of 58 percent for HVRP—defined as the percent of enrolled eligible participants who were placed in jobs or otherwise obtained employment as a result of grantee services. The Advisory Committee on Homeless Veterans and the National Coalition for Homeless Veterans also use entered-employment rates as a measure of the effectiveness of HVRP.<sup>9</sup> DOL's 2006 budget indicates that it plans to increase this goal to 61 percent. DOL reported to us that for program year 2003, the most current year for which data are available, HVRP grantees enrolled 13,060 homeless

<sup>9</sup>The Advisory Committee on Homeless Veterans is comprised of experts in the treatment of mental illness, substance use, housing alternatives, and vocational rehabilitation; representatives from community service providers with qualifications to deal effectively with care and treatment services for homeless veterans; veterans service organizations; advocates of homeless veterans and other homeless individuals; previously homeless veterans; and state veterans affairs officials. The National Coalition for Homeless Veterans is a nonprofit organization that serves as a resource for a network of nearly 250 community-based service providers and local, state and federal agencies that provide emergency and supportive housing, food, health services, job training and placement assistance, legal aid and case management support for hundreds of thousands of homeless veterans each year.

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veterans and placed 8,191, or 63 percent, in employment—a rate that exceeds both DOL’s current entered-employment performance goal and its goal for next year.

Sustained employment is another measure of program effectiveness. DOL recognizes that it is necessary to evaluate and measure this long-term result.<sup>10</sup> HVRP grantees must follow-up 90 and 180 days after placement to determine whether a veteran is in the same or similar job and must obligate sufficient funds prior to the end of the grant performance period to ensure that follow-up activities are completed and reported to DOL. These 90 and 180 day follow-ups are fundamental to assessing the success of the program, according to DOL.

However, while DOL requires grantees to measure and report on the effectiveness at 90 and 180 days after placement, it has not established a performance goal for employment retention for the program—the percent of veterans placed in employment who retain their jobs. DOL’s data for program year 2003 show that while grantees achieved a 59 percent retention rate at 90 days, the rate dropped to 35 percent at 180 days. An employment-retention goal would provide DOL a better basis for assessing whether grantees are providing or referring homeless veterans to the services necessary for them to retain employment. Understanding why job retention drops could help develop effective interventions and provide information for establishing future performance goals. According to DOL, it plans to establish a performance goal for employment retention for fiscal year 2007.

The Congress has specifically recognized the importance of assessing the outcomes of services provided to homeless veterans by requiring DOL to report every two years on the effectiveness of HVRP. While DOL has taken some steps, it has not provided the required reports. DOL officials told us that the department plans to issue its first report to the Congress by the end of fiscal year 2005. Providing this information to the Congress will help with its oversight of the program and with its deliberations regarding program reauthorization.

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<sup>10</sup>See 70 Fed. Reg. 15899, 15901 (Mar. 29, 2005): Department of Labor, Veterans’ Employment and Training Service, Urban Homeless Veterans’ Reintegration Program Grants for Program Year 2005: *Initial Solicitation for Grant Applications*.



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## Concluding Observations

Because employment retention is crucial to the overall success of transitioning veterans from homelessness, it is important that DOL continue to develop a realistic performance goal for employment retention to help assess the success of HVRP. Establishing such a longer-term goal for the program may help ensure that grantees provide veterans with longer-term follow up services necessary to retain employment. This goal along with the entered-employment goal will help DOL, Congress, and others evaluate the impact that HVRP has on homeless veterans.

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Mr. Chairman, this concludes my prepared remarks. I will be pleased to answer any questions that you or other members of the subcommittee may have.

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## Contacts and Acknowledgments

For further information regarding this testimony, please contact Cynthia A. Bascetta at (202) 512-7101 or Michael T. Blair, Jr., at (404) 679-1944. Michael Tropauer also contributed to this statement.

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# Related GAO Products

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*Veterans' Employment and Training Service: Flexibility and Accountability Needed to Improve Service to Veterans.* [GAO-01-928](#). Washington, D.C.: September 12, 2001.

*Homeless Veterans: VA Expands Partnerships, but Homeless Program Effectiveness Is Unclear.* [GAO/HEHS-99-53](#). Washington, D.C.: April 1, 1999.

*Homelessness: Coordination and Evaluation of Programs Are Essential.* [GAO/RCED-99-49](#). Washington, D.C.: February 26, 1999.

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