

**STATEMENT OF
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before the

**SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
HOUSE COMMITTEE ON VETERANS' AFFAIRS**

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Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to be here today to testify on VA's actions regarding the recommendations of the "*Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance.*" My testimony will focus specifically on those parts of the report that are within the purview of the Subcommittee and of particular interest to its members. These include the findings and recommendations related to outreach and information exchange as well as the Education, Vocational Rehabilitation and Employment, and Loan Guaranty programs.

The Transition Commission Background

Congress established the Commission on Servicemembers and Veterans Transition Assistance, known generally as the "Transition Commission," in the Veterans' Benefits Improvements Act of 1996 (Public Law 104-275). The stated objective of the Commission was to "review programs that provide benefits and services to veterans and to servicemembers making the transition to civilian life and propose steps to ensure the programs' adequacy and effectiveness in meeting their needs, both now and in the 21st century."

The Honorable Anthony J. Principi wisely was chosen to be Chairman of the Transition Commission. Mr. Principi's record of dedication and service to America's veterans was and is well known. The quality of leadership that he brought to the Transition Commission guaranteed its success, and his

subsequent career as VA Secretary ensured that the vision for the future outlined in the Commission Report would guide the Department under his direction.

Outreach Activities

The Transition Commission paid considerable attention to the need to enhance outreach services for servicemembers and veterans in transition. The Veterans Benefits Administration (VBA) has significantly expanded its outreach activities in the years since the Commission released its report. The outreach program now includes a wide array of activities designed to assist veterans in understanding and applying for VA benefits, including transitional briefings for servicemembers and reservists and direct mailings of informational letters and brochures to both servicemembers on active duty and veterans immediately following separation.

Briefings remain one of the primary vehicles for disseminating VA information to those on active military duty. Over the past four years, VBA representatives have conducted more than 29,000 transition briefings for more than a million servicemembers. In addition to the 3-day Transition Assistance Program briefings conducted jointly with the Departments of Labor and Defense, VA also conducts retirement briefings, separation briefings, pre- and post-deployment briefings for Reserve and National Guard members, and overseas briefings.

Since November 2004, all persons inducted into the five military branches receive a pamphlet entitled *A Summary of VA Benefits*. This cooperative arrangement between VA and DoD ensures that inductees receive basic information on VA benefits and services for which they may become eligible.

VA and the National Guard Bureau signed an agreement in May 2005 to enhance access and services to veterans and to share information about VA benefits and services. They trained 54 National Guard State Benefits Advisors

who act as statewide points of contact, providing advice to Guard members and their families about VA benefits and services, and assisting them in resolving problems with VA healthcare, benefits, and TRICARE.

VA and DoD are collaborating to ensure VA is notified of servicemembers referred to the Physical Evaluation Board who may be medically separated or retired. This enables VBA to contact servicemembers who have not yet applied for disability compensation and inform them about potential benefits.

VA's Veterans Assistance at Discharge System generates the mailing of a "Welcome Home Package" that includes a letter from the Secretary of Veterans Affairs, *A Summary of VA Benefits*, and a veterans' benefits timetable to all veterans recently separated or retired from active duty.

VA and DoD Information Exchange

The Commission also observed the need for better communication between DoD and VA and urged that "VA and DoD establish a formal information business relationship to encompass all aspects of information exchange." In response, the two Departments established a Joint Executive Council (JEC). Under the JEC's oversight are the Health Executive Council (HEC), and the Benefits Executive Council (BEC). The Benefits Executive Council charter was signed in August of 2003, establishing the BEC as the official forum for senior level interaction between the Veterans Benefits Administration and the Department of Defense. The BEC's goals are to:

- identify challenges and remove barriers which impede collaborative efforts,
- assert and support mutually beneficial opportunities to improve business practices, and
- improve transitional services and benefit delivery processes for separating servicemembers.

The Benefits Executive Council meets quarterly and reviews BEC objectives as specified in the Strategic Plan of the JEC. VBA and DoD have worked jointly to coordinate outreach efforts and oversee the establishment of cooperative single physical examinations. In addition to the objectives specified in the Joint Strategic Plan, the BEC is often a valuable forum for other important shared interests and issues. For instance, in FY 2006 both the JEC and the BEC were briefed on the implementation of Traumatic Servicemembers Group Life Insurance (TSGLI) and research on the Total Force GI Bill concept. As I discuss specific benefit program changes that resulted from the Transition Commission's findings, I will cite numerous other examples of communication exchange and collaboration among VA, DoD, and DOL.

VA Support for Veteran-Owned and Service-Disabled Veteran-Owned Businesses

The Transition Commission stated in its report that the Federal government must become actively involved in providing support for servicemembers and veterans who are interested in establishing or expanding a small business. In August 1999, Congress enacted Public Law 106-50, "The Veteran Entrepreneurship and Small Business Act of 1999." Its passage led to the creation of the Center for Veterans Enterprise (CVE) within VA's Office of Small and Disadvantaged Business Utilization. The CVE promotes business ownership and expansion for veterans and service-connected disabled veterans and their participation in the Federal marketplace, with emphasis on VA.

The CVE's objective is to help VA reach the statutory procurement goal for all Federal agencies that at least 3% of total prime contract dollars be spent with service-disabled veteran-owned small businesses. Because of VA's leadership position in creating opportunities for veteran-owned enterprises, we have established a goal to spend at least 7% of prime contract dollars with veteran-owned small businesses. Through CVE, VA continually develops new and innovative

products and services that allow Federal agencies to easily locate veteran-owned and service-disabled veteran-owned small businesses. Further, VA is committed to helping these businesses participate in contracted Federal activities at both the prime contract and subcontract levels.

In 2004, the President issued an executive order titled “Providing Opportunities for Service-Disabled Veterans Businesses to Increase their Federal Contracting and Subcontracting.” It specifically requires that Federal employees provide appropriate consideration to service-disabled veteran-owned businesses during the acquisition process. In compliance, VA added an element of performance standards for all personnel engaged in VA acquisitions and credit card purchases which ensure that Department-wide goals for veteran-owned businesses and service-disabled veteran-owned businesses are considered for all VA acquisitions.

Education Program

The Transition Commission had, as one of its priorities, a thorough review of VA’s Education program. It acknowledged the enormous contribution made by the original GI Bill to the lives of millions of American veterans in the decades following World War II. But the commissioners also recognized that rapid technological and economic changes in recent years required an expanded, more flexible Montgomery GI Bill (MGIB) to transition veterans from the Armed Services back into the world of civilian employment. “If employment is the door to a successful transition to civilian life,” the commissioners declared, then “education will be the key to employment in the information age.”

Several of the Transition Commission recommendations to enhance the MGIB required legislative changes. The House Committee on Veterans’ Affairs and VA have worked in partnership to produce legislation that incorporated many of these recommendations. As a result, VA now offers today’s servicemembers and veterans more educational opportunities and increased benefit rates.

In addition to the traditional four-year college degree, veterans are also seeking other forms of training to gain employment and advance in the workplace. In response, VA worked with Congress to broaden the range of MGIB options to include entrepreneurial courses, licensing courses, and high technology certification courses.

For servicemembers and veterans who wish to pursue the traditional route, VA has worked to ensure that benefits keep pace with the rising cost of a college education. From October 2001 through October 2006, the full-time MGIB monthly rate was increased by almost 63 percent to \$1,075. Servicemembers may further increase their full-time monthly benefit by contributing up to \$600. If a servicemember decides to contribute \$600, he or she will receive a \$150 increase in the full-time monthly benefit. In addition, individuals pursuing high-cost technology courses may be eligible to receive up to 60 percent of the cost of their tuition in an accelerated lump-sum payment. Servicemembers in receipt of tuition assistance from the military services may now access their MGIB benefits to pay the difference between the tuition charged and the tuition assistance payable.

The Commission also noted that more needed to be done to promote the use of VA education benefits as a recruitment and retention tool for service in the military. As an enhancement to MGIB and to provide an additional retention incentive, servicemembers may now request to transfer up to 18 months of their MGIB entitlement to their dependents. Both the Air Force and Army have offered this incentive to certain qualifying servicemembers.

To improve outreach efforts, State Approving Agencies (SAAs) have become more involved in promoting veterans' education and job-training programs. The SAAs produced a video that tutors prospective employers on how to encourage participation by veterans in on-the-job training (OJT)

programs. Since 1999, enrollment in OJT programs has increased by more than nine percent.

The Transition Commission recommended that VA implement an electronic enrollment verification system. I am pleased to report that an automated verification of enrollment system became fully operational in July 2001. This system allows individuals to verify enrollment, notify VA of any reduction in course load, change their address, or establish direct deposit via the Internet.

The findings of the Commission had a significant impact on the Vocational Rehabilitation and Employment Program as well. Even the name of the program was changed from Vocational Rehabilitation and Counseling to emphasize the Commission's focus on the transition to employment. The Commission found that the program was too focused on training and that the provision of employment services was the weakest part of the program. To remedy the situation, the Vocational Rehabilitation and Employment (VR&E) Service embarked on a long-range strategy to emphasize employment outcomes.

Under the leadership of then VA Secretary Principi, a Vocational Rehabilitation and Employment Task Force was established to review the full range of program activities and recommend improvements. The Task Force published its findings in 2004 in a report titled "The Vocational Rehabilitation and Employment Program for the 21st Century Veteran." Responding to the more than 100 recommendations submitted by the Task Force, VR&E Service developed a comprehensive implementation plan to execute the changes.

The cornerstone of the implementation plan is an integrated, employment-driven service delivery system called the Five Tracks to Employment Model. The focus of the new Five-Track Model is on employment goals and on providing veterans with better information with which to make informed choices on

employment options. The five tracks are: Re-Employment, Rapid Access to Employment, Employment Through Long Term Services, Self-Employment, and Independent Living. A pilot test of the Five-Track Model was successfully completed in FY2005 and staff training on the new process and tools was completed in FY2006. In connection with this new model, Job Resource Labs are being established in all regional offices, and we have also developed the VetSuccess.gov website.

The VR&E Service also developed two new positions to provide better service to veterans. At the time of the Commission's report, the VR&E Service maintained a two-phase service delivery system in which a Counseling Psychologist evaluated the veteran, provided counseling, and developed a rehabilitation plan, and then transferred the veteran to a Vocational Rehabilitation Specialist who provided case-management and employment services. The Commission recommended that VA reform this system.

The Vocational Rehabilitation Counselor (VRC) position was established to combine the former roles of Counseling Psychologist and Vocational Rehabilitation Specialist, giving the VRC full responsibility for evaluating, planning, and case-managing a veteran's program from the beginning through rehabilitation. The VR&E Service also created the Employment Specialist position in regional offices to focus on employment for veterans determined to be job-ready. To meet the recommendations of the VR&E Task Force, the Employment Specialist position was changed to Employment Coordinator and expanded to incorporate employment readiness, marketing, and placement responsibilities. VBA now has 72 Employment Coordinators assigned to 56 regional offices.

The Transition Commission stated that VA should be able to report demonstrable improvements in a number of outcome measures. We have in fact achieved dramatic improvements in our critical measures of outcome. The

number of program participants successfully rehabilitated each year increased from the 8,693 reported in the Commission's report to 12,117 in FY2006 – a 39-percent increase. This number includes nearly 2,900 severely disabled veterans who achieved their independent living goals. Likewise, the rehabilitation rate improved from 52 percent to 73 percent – a 40-percent increase.

The VR&E Service has made great strides in providing seamless services to transitioning servicemembers by partnering with other agencies who share the mission of securing employment for veterans. A recent example is the memorandum of understanding signed in September 2006 between VA, DOL, DoD, and the Department of Homeland Security to provide benefits information and assistance to disabled servicemembers transitioning from military to civilian life.

VR&E staff in all regional offices and more than 100 outbased offices work closely with DOL-funded Disabled Veterans Outreach Program specialists (DVOPs) to assist veterans seeking employment. There are currently 71 DVOPs co-located in 35 VA regional offices and 26 outbased locations. These DVOPs have access to the same resources available to VR&E staff. The VR&E Service and DOL have also collaborated on training and have jointly written and produced live satellite broadcasts for DVOPs and VR&E counselors. DVOPs, as well as DOL staff, attended training sessions at two Five-Track pilot sites and learned about the functionality of the new Five-Track Employment Model. Joint training ventures such as this help ensure seamless delivery of services to veterans by both the VR&E Service and DOL. The VR&E Service and DOL continue to nurture the partnership with regularly scheduled meetings to discuss progress on current collaborations and future possibilities.

Another successful collaboration between the VR&E Service and DOL is the Disabled Transition Assistance Program (DTAP). DTAP is an integral component of transition assistance that involves intervening on behalf of service

members who may be released because of a disability or who believe they have a disability qualifying them for VR&E. The goal of DTAP is to encourage and assist potentially eligible service members in making an informed decision about participating in the VR&E program. It is also intended to facilitate the expeditious delivery of vocational rehabilitation services to eligible persons by assisting them in filing an application for vocational rehabilitation benefits.

DTAP briefings are generally conducted in conjunction with TAP briefings, but they customize transition information to the needs of veterans with service-connected disabilities who are potentially eligible for VR&E services. DTAP provides them with the first step to ensuring professional and personal success outside the military. The information provided during DTAP can help service-disabled veterans obtain the services needed to overcome the effects of injury and/or illness incurred in the line of duty. DTAP encourages and assists potentially eligible servicemembers in making informed decisions about the VR&E program. It also provides assistance to servicemembers in filing applications for VR&E benefits and educational counseling services.

The Transition Commission urged the Federal Government to market veterans to employers more effectively and more vigorously. In response, the VR&E Service has expanded its working partnerships within the Federal, private, and not-for-profit sectors to provide veterans early access to competitive career opportunities and training. These partnerships have increased VA's ability to provide timely and seamless employment services with positive rehabilitation results. Employer marketing and outreach activities have significantly increased the number of resources for on-the-job training programs and direct employment opportunities with local and national employers.

Probably no other VR&E Service effort demonstrates our commitment to the goals of the Transition Commission better than the aptly named Coming Home to Work (CHTW) initiative. Through this program, the services of VR&E,

including non-paid work experience assignments, are made available to VR&E-eligible servicemembers pending medical separation from active duty at eight primary Military Treatment Facilities. The CHTW program provides volunteer or non-paid jobs whereby OEF/OIF servicemembers gain work experience and exposure before they re-enter the civilian workforce. For some it may result in immediate employment after discharge. It helps others focus on the next steps to achieving their vocational goals. To date, 188 veterans have participated in CHTW activities, and VR&E Service is exploring expansion of the program at additional locations.

Loan Guaranty Program

The Commission also recognized the continuing importance of the VA Loan Guaranty Program for veterans purchasing a home, and offered recommendations on making the benefit more easily available to servicemembers and veterans in transition. In response, VBA again worked closely with Congress, first with the Benefits Subcommittee of the House Committee on Veterans' Affairs and more recently with this Subcommittee, to develop legislation that would help eligible veterans take advantage of the loan guaranty benefit.

One of the chief Commission recommendations was that reservist eligibility should be permanent. Public Law 108-183, enacted in December 2003, made permanent VA's authority to guarantee home loans for members of the Selected Reserve.

Through Public Law 108-454, the Veterans Benefits Improvement Act of 2004, VA's maximum loan amount became indexed to the Freddie Mac conventional conforming loan limit. As a result, VA no-downpayment loans are no longer limited to \$144,000. Rather, the loan limits are now linked to the housing market and can

fluctuate based on the currently existing conditions of that market. While this law is advantageous to all veterans seeking a home loan guaranty, we believe it is especially helpful to veterans just out of active duty service and joining the workforce.

P.L. 108-454 also extended funding-fee exemptions to veterans rated eligible for compensation based on pre-discharge eligibility examinations, without regard to the date compensation will take effect. Prior to enactment, a veteran needed to be receiving compensation in order to be exempt from payment of the funding fee.

This year, Public Law 109-233, the Veterans Housing Opportunity and Benefits Act of 2006, was enacted. The legislation permits an eligible veteran or servicemember to receive up to three Specially Adapted Housing (SAH) grants, with the total dollar amount not to exceed the maximum allowable grant. Prior to the enactment of this law, most eligible veterans could only receive one SAH grant from VA. The law also makes SAH grants available to servicemembers and veterans who are temporarily living in a family member's home, which enables VA to provide for current needs and also assist veterans later in adapting their own homes.

I am proud to announce that VA reached a major milestone on May 13 of this year when we issued our 18 millionth home loan guaranty. Rob Laurent, an Army veteran and Purple Heart recipient, was discharged after four years in uniform with combat-related injuries he suffered in Iraq. As Mr. Laurent made the challenging transition back into civilian life, the VA loan guaranty program enabled him to purchase a home for himself and his family. I think this demonstrates, along with the other examples I have cited, our full commitment to the spirit and goals of the Transition Commission.

Mr. Chairman, this concludes my prepared testimony. I would be pleased to answer any questions you or members of the Subcommittee might have.