

**STATEMENT OF
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ECONOMIC COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
VA'S FISCAL YEAR 2007 BUDGET REQUEST FOR THE EDUCATION,
VOCATIONAL REHABILITATION AND LOAN GUARANTY PROGRAMS**

FEBRUARY 14, 2006

Mr. Chairman and distinguished members of the Subcommittee, thank you for the opportunity to express the views of The American Legion regarding the VA's Home Loan Guaranty, Vocational Rehabilitation (Voc Rehab) and Education (VR&E) programs.

VOCATIONAL REHABILITATION AND EMPLOYMENT SERVICE

The mission of the VR&E program is to help qualified, service-disabled veterans achieve independence in daily living and, to the maximum extent feasible, obtain and maintain suitable employment. The American Legion fully supports these goals. As a nation at war, there continues to be an increasing need for VR&E services to assist Operations Iraqi Freedom and Enduring Freedom veterans in reintegrating into independent living, achieving the highest possible quality of life, and securing meaningful employment. To meet America's obligation to these specific veterans, VA leadership must focus on marked improvements in case management, vocational counseling, and -- most importantly -- job placement.

The successful rehabilitation of our severely disabled veterans is determined by the coordinated efforts of every Federal agency (DoD, VA, DoL, OPM, HUD etc.) involved in the seamless transition from the battlefield to the civilian workplace. Timely access to quality health care services, favorable physical rehabilitation, vocational training, and job placement play a critical role in the "seamless transition" of each and every veteran, as well as his or her family.

Administration of VR&E and its programs is a responsibility of the Veterans Benefits Administration (VBA). Historically, VBA has placed emphasis on the processing of veterans' claims and the reduction of the claims backlog, which is commendable. However, providing effective employment programs through VR&E must become a priority. Until recently, VR&E's primary focus has been providing veterans with skills training, rather than providing assistance in obtaining meaningful employment. Clearly, any employability plan that doesn't achieve the ultimate objective-a -job-is falling short of actually helping those veterans seeking assistance in transitioning into the civilian workforce.

Vocational counseling also plays a vital role in identifying barriers to employment and matching veterans' skills with those career opportunities available for fully qualified candidates. Becoming fully qualified becomes the next logical objective towards successful transition.

Veterans Preference in Federal hiring plays an important role in guiding veterans to career possibilities within the Federal Government and must be preserved. There are scores of employment opportunities within the Federal government that educated, well-trained, and motivated veterans can fill-given a fair and equitable chance to compete. Working together, all Federal agencies should identify those vocational fields, especially those with high turnover rates, suitable for VR&E applicants. Career fields like information technology, claims adjudications, debt collection, etc., offer employment opportunities and challenges for career-oriented applicants that also create career opportunities outside the Federal government.

Several reports published by the Government Accountability Office (GAO) have cited VA as lacking in its efforts to find employment for disabled veterans. Employment programs have historically been marketed to veterans as an education program and not an employment program. Many veterans attend universities and colleges with few enrolled in training programs, such as apprenticeships and on-the-job training that can lead to direct job placement. However, in FY 04 the VR & E service program instituted a number of recommended changes to re-focus the program to become more employment oriented. A five-track employment pilot project was initiated in October 2004 and completed on September 2005. Four areas of the country participated in this project called the "5-Tracks Employment Model". This model includes a "Job Resource Lab" comprised of:

- An Employment Resource Center for:
 - Veterans
 - Employment Coordinators
 - Vocational Rehabilitation Counselors and Counseling Psychologist
- Resource for Labor Market Information
- Resource for Job Readiness Assistance
- Internet-Based Employment Resource
- An on-line employment services system to support;
 - Veterans
 - VR&E staff
 - Working Partners
- Virtual one-stop employment network

The VR&E's Job Resource Labs are to be placed in all VA regional offices by the end of 2006. The American Legion applauds this initiative and will be monitoring the implementation phase of the Job Resource Labs.

GAO has also cited exceptionally high workloads for a limited number of staff members at VR&E offices. This increased workload hinders the staff’s ability to effectively assist individual veterans with identifying employment opportunities. In April FY 05, the average caseload of a typical VR&E counselor approached 160 veterans. The President’s FY 2006 budget request included an additional 21 management Directors and Support FTE’s to be redirected from other business lines. Currently, VA representatives report the numbers of FTE have increased and the average case load has dropped slightly over the past six months. The American Legion is pleased that an additional number of FTEs will be hired and we applaud the President’s request for an increase of \$10.5 million and 130 FTEs for FY 07. It is vital that Congress approve this request to adequately address the expected increase of veterans needing assistance.

VETERANS’ EMPLOYMENT AND TRAINING SERVICE

The 2004 VA Vocational Rehabilitation and Employment Task Force report further cited that VR&E had made no significant improvements since the 1996 GAO report. In FY 05 and earlier, many states did not refer veterans from the VR&E program to the Veterans Employment and Training Service (VETS) for assistance in obtaining employment. Veterans with high-tech skills and advanced education were referred to expensive commercial placement agencies that do not specialize in employment assistance for veterans. VETS representatives in Michigan reported seeing “more referrals than we can handle” due to the shortages of DVOPs and LVERs and the worsening employment situation in the state. In Texas, the VETS program and the VR&E program are still completely separate. Previously, The American Legion has stated that some VR&E counselors had not effectively communicated with their VETS counterparts. That situation has improved in a number of states. Some VETS representatives have commended their VR&E counterparts for their willingness to improve communication process in order to increase services to veterans.

REHABILITATION AND EMPLOYMENT OUTCOMES

Numbers of Rehabilitated/Employed Veterans

Year	Veterans successfully rehabilitated	YEAR	Veterans successfully employed with suitable jobs
FY 03	9,549	FY 03	7,525
FY 04	11,129	FY 04	8,392
FY 05	12,013	FY 05	9,279

The above demonstrates the improved outcomes for the VR&E program.

The American Legion recommends exploring possible training programs geared specifically for VR&E Counselors through the National Veterans Training Institute (NVTI). Contracting for standardized or specialized training for VR&E employees could very well strengthen and improve the overall program performance. NVTI serves as a valuable resource for VETS employment specialists and has contributed to a marked improvement in VETS performance.

We are pleased to note that VETS and VR&E representatives report that VR&E counselors began training at the NVTI site in January 06.

PERFORMANCE STANDARDS

The American Legion applauds the efforts of VR&E to create and publish national performance standards for both the VR&E Officer position and the Vocational Rehabilitation Counselor/Counseling Psychologist positions. The progress that management is making will go a long way in ensuring an adequate system for evaluating the effectiveness of the VR&E Service in place.

It seems that the VR&E program has remained in a perpetual state of transition for the past 25 years, according to countless GAO and VA reports. The 2004 Task Force report stated that the VR&E system must be redesigned for the 21st Century employment environment. The American Legion continues to support strong leadership and continued verification of the recommendations made in the 2004 task force report. However, additional funding is needed to assist the management staff of VR&E to continue its implementation of the recommended. Therefore, The American Legion supports the VBA recommendation that “\$149 million is needed to fund the discretionary portion of the Vocational Rehabilitation and Employment program in 2007.” Additional FTE requirements along with an increased workload of veterans expected to use the program services requires additional funding.

THE HOME LOAN GUARANTY PROGRAM

VA’s Home Loan Guaranty program has been in effect since 1944 and has afforded approximately 17 million veterans the opportunity to purchase homes. The home loan program offers veterans a centralized, affordable and accessible method of purchasing homes in return for their service to this nation. The program has been so successful over the past years due to outstanding leadership, management, technological advances, and efficiency savings, that not only has the program paid for itself but has also shown a profit in recent years.

The American Legion recommends that a cost savings should be passed on to veterans in the form of a reduction in funding fees which can add approximately \$8,000 to \$13,000 for a first or second time buyer. The VA funding fee was initially enacted to defray the costs of the VA guaranteed home loan program. This funding fee has had a negative effect on many veterans who choose not to participate in this highly beneficial program. Therefore, The American Legion strongly recommends that the VA funding fee on home loans be reduced or eliminated for all veterans whether active duty, reservist, or National Guard. The American Legion recommends a funding level of \$127.2 million for VA Home Loan Program.

VA EDUCATION PROGRAM

In the 20 years since the Montgomery GI Bill went into effect on June 30, 1985, the nation’s security has changed radically from a fixed cold war to a dynamic “Global War on Terror.” In 1991 the Active Duty Force (AF) of the Military stood at 2.1 million; today it stands at 1.4 million. Between 1915 and 1990 the Reserve Force (RF) was involuntarily mobilized only nine

(9) times. There is now a continuum of service that individuals have, beginning with those who serve in the reserve only, extending through those in the reserve who are called to active duty for a considerable period of time, and ending with those who enlist in the active armed forces and serve for a considerable period of time. Since 9/11 more than 480,000 members of the 860,000-member Selected Reserve (SelRes) have been activated.

Today approximately 40 percent of troops in Iraq are Guardsmen or Reservists. Despite this the Montgomery GI Bill (MGIB) and the Montgomery GI Bill--Selected Reserve (MGIB-SR) still reflect benefits awarded 20 years ago. The members of the Selected Reserve rarely served on active duty at that time. The idea that any projection of U.S. power would require the activation of at least some reservists was never considered in creating these programs. Because most reservists have both careers and families, which are embedded in towns and cities across the country, these activated citizen soldiers face additional burdens as financial and career obligations mount, while their families, employers, and communities frequently face significant sacrifices and hardships as well. This has led to inequitable situations.

First, Selected Reserve members and members of the Individual Ready Reserve (IRR) may be called to active duty for considerable periods, but less than two years. When they return to civilian life, what is available to help them readjust? They either have the same \$288 per month benefit as those members of the Selected Reserve who never serve on active duty, or they may have nothing at all if their active duty is at the end of their six-year commitment to the Selected Reserve.

As the distinctions between the active and reserve forces continue to diminish, the difference between the active and reserve forces of the GI Bill should decline accordingly. Benefits should remain commensurate with sacrifice and service. The American Legion recommends updating the GI Bill to accept the new security realities of the open-ended Global War on Terror, the recruiting and retention issues which arise from it, and the expanded role that the RF plays in this modern era. The current members of the RF are being asked to perform in a manner literally unprecedented since WWII.

The American Legion supports and has a proud history of advocating for fair and equitable education benefits to members of the armed forces.

The American Legion supports recommendations by the Veterans' Benefits Administration for a funding level of \$90.1 million to fund the discretionary portion of the Education program in 2007.

SUMMARY

America asks her young people to serve in her armed forces to guard and defend this great nation and its way of life. Their selfless service provides millions of their fellow Americans with the opportunity to pursue their educational, employment and homeowner's endeavors. The successful transition of that service member back into the civilian workforce must be a shared responsibility, especially if that service member has suffered service-connected disabilities.

The American Legion reaffirms its strong support of the Education, Vocational Rehabilitation And Employment Service, and the Home Loan Program.