

**STATEMENT
OF
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**BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE**

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Introduction

Good afternoon, Chairman Isakson, Ranking Member Blumenthal, and distinguished Members of the Committee. Thank you for the opportunity to participate in today's hearing. It is also my personal privilege to return to the Hill as a member of the Executive Branch. I have proud memories of the great work done by both the Senate and House Veterans' Affairs Committees while I was a Member of Congress. Now, as Assistant Secretary for the Veterans' Employment and Training Service (VETS) at the Department of Labor (DOL or Department), I appreciate the opportunity to discuss pending legislation that impacts the quality of services delivered to our veterans.

The employment situation for veterans continues to improve. The unemployment rate for veterans has fallen from a high of 9.9% in January 2011 to 3.9% in April 2016; lower than the nonveteran unemployment rate of 4.5% in April 2016. The Gulf War-era II veteran unemployment rate has fallen from a high of 15.2% in January 2011 to 4.1% in April 2016. While these numbers in aggregate continue to trend in a desirable downward direction, nobody at DOL will rest as long as any veteran needs assistance finding meaningful civilian employment.

Although this hearing is focused on several bills under consideration by the Committee, I will limit my remarks to discussing DOL's Jobs for Veterans State Grants (JVSG) program and the legislation that has a direct impact on the programs administered by DOL, specifically S. 2919, the "State Outreach for Local Veterans Employment Act of 2016" and S. 2896, the "Care Veterans Deserve Act of 2016."

Jobs for Veterans State Grants (JVSG) Program

The Jobs for Veterans State Grants (JVSG) program, funded in recent years at \$175 million, is VETS' biggest program. Our staff, led by a director in each of the 50 states plus the District of Columbia and Puerto Rico, oversees this program in partnership with our state grantees. I have made it a point in my first six months in office to visit JVSG programs in over a dozen states and

in all of DOL's regions around the country. Earlier this month I also had the opportunity to visit the National Veterans' Training Institute in Denver, CO, to observe the training program for JVSG-funded staff (including Disabled Veterans' Outreach Program specialists and Local Veterans' Employment Representatives).

JVSG is the natural next step for our transitioning service members when they complete the DOL Employment Workshop component of the Transition Assistance Program. JVSG also works in tandem with the Homeless Veterans Reintegration Program (HVRP) to help homeless veterans as well.

I have seen firsthand the real results that JVSG is yielding for our veterans with significant barriers to employment. Last Program Year, almost 200,000 veteran participants were served by the program, with 57% entering employment following intensive services.

S.2919 --"State Outreach for Local Veterans Employment Act of 2016"

The "State Outreach for Local Veterans Employment Act of 2016" (SOLVE Act) would, among other things, authorize states to select the implementation agency for the JVSG program. Before I discuss DOL's serious concerns with this legislation, I would like to provide some background on how JVSG operates within the public workforce system, and why the current structure is optimal for the program and veterans themselves.

The public workforce system includes a nationwide network of approximately 2,500 American Job Centers (AJCs), a network operated in partnership by Local Workforce Development Boards, State Workforce Agencies, and DOL, primarily the Department's Employment and Training Administration (ETA). As the Chairman knows from his work on the Senate Health, Education, Labor, and Pensions Committee, the Workforce Innovation and Opportunity Act (WIOA), which became law less than two years ago, is driving transformational updates and upgrades to this system.

WIOA established three hallmarks of excellence:

- The needs of businesses and workers should drive workforce solutions and local boards are accountable to the communities in which they are located;
- American Job Centers should provide excellent customer service to jobseekers and employers and focus on continuous improvement; and
- The workforce system should support strong regional economies and play an active role in community and workforce development.

AJCS staff are funded through a variety of federal and state programs and are tasked with providing free services to American workers to assist them in obtaining and retaining meaningful employment. The JVSG program, funded and administered by VETS, is a required one-stop

partner in the public workforce system and is enhanced through deeper integration into workforce system planning under WIOA.

JVSG provides funding to 54 states and territories for Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representative (LVER) staff, located in AJCs. DVOP specialists provide intensive services to veterans and eligible populations, including homeless and formerly incarcerated veterans, through individualized case management. This includes comprehensive and specialized assessments of skill levels and needs, development of individual employment plans, group and individual career counseling and planning, and short-term skills development (such as interview and communication skills). LVER staff promote the hiring of veterans in communities through outreach activities that build relationships with local employers, and provide training to workforce center staff to facilitate the provision of services to veterans.

In DOL's administration of employment and training functions for veterans, Congress has required, among other things, that the Secretary of Labor "ensure that employment, training, and placement activities are carried out in coordination and cooperation with appropriate State public employment service officials." 38 U.S.C. § 4102A(b)(4). In addition, Congress has conditioned each State's receipt of JVSG funds on a number of requirements, including that states describe "the manner in which [DVOP] specialists and [LVER] representatives are integrated in the employment service delivery systems in the State," 38 U.S.C. § 4102A(c)(2)(A)(i)(II), and that each State "coordinate employment, training, and placement services furnished to veterans and eligible persons under this chapter with such services furnished with respect to such veterans and persons under the Workforce Investment Act of 1998 and the Wagner-Peyser Act." 38 U.S.C. § 4102A(c)(6).

A Refocused System

Consistent with the VOW to Hire Heroes Act of 2011, which clarified and limited the allowable activities of DVOP and LVER staff, the Department released a JVSG refocusing strategy in April 2014 that refines the roles of DVOP and LVER staff. Since 2002, DOL has been moving in this direction based on Congressional intent, GAO audits, DOL Office of Inspector General audits, and internal VETS reviews. These changes are intended to improve workforce programs' service delivery strategies for veterans and eligible spouses, meet anticipated demand for services from an increase in transitioning service members, and ensure that JVSG-funded state staff members are performing their functions consistent with Congressional intent (38 U.S.C. §§ 4103A, 4104). As part of the implementation plan for this refocusing strategy, VETS and ETA issued joint guidance documents and conducted extensive technical assistance for state JVSG and AJC staff members.

The implementation of this guidance has been successful in improving the services to veterans and their employment outcomes. The percent of participants receiving intensive services

increased from 22% in Program Year (PY) 2009 to 76% in PY 2015 (as of December 31, 2015). During that same time period, the entered employment rate for JVSG participants improved from 48% in PY 2009 to 57% in PY 2015. Similarly, the employment retention rate of these participants, or those who retained employment six months after program exit, increased from 74% in PY 2009 to 81% in PY 2015, and the average six-month earnings of these participants rose from \$14,751 in PY 2009 to \$16,903 in PY 2015.

We are committed to reaching and maintaining a rate of 90% of participants who receive intensive services from DVOPs. The rate of intensive services delivery is one of the Department's five Agency Priority Goals and is reported publicly every quarter. To achieve this 90% goal, VETS employs these strategies to increase intensive services to participants who have significant barriers to employment and who are served by DVOP specialists:

- Provide technical assistance and guidance to state workforce agencies;
- Conduct federal oversight and monitoring to identify best practices that can be replicated nationwide;
- Conduct additional staff training and development for DVOP specialists;
- Analyze the entered employment rates of participants based on the types of services they receive (i.e. basic career services¹ versus intensive services);
- Collaborate with Veterans Health Administration's Compensated Work Therapy (CWT) staff at Veterans Affairs medical centers, to integrate employment services with clinical care; and
- Collaborate with ETA, which oversees other employment and training services at American Job Centers, to ensure veterans receive priority of service and are properly referred to the appropriate service program.

Additionally, veterans not served directly through JVSG still receive services from other facets of the workforce system. DOL's WIOA core programs (Adult, Dislocated Workers, Youth, and Wagner-Peyser) provided workforce services to over 1 million veterans last year. More than 400,000 previously unemployed veterans entered employment after receiving services through the American Job Centers.

Workforce Innovation and Opportunity Act

In July 2014, after Congress passed the legislation by a wide bipartisan majority, President Obama signed into law the WIOA, the first legislative reform of the public workforce system in over fifteen years. This transformational legislation makes substantial changes in numerous DOL programs in order to modernize the workforce system to better meet the needs of workers and businesses alike. Specifically, WIOA brings together and enhances several key employment, education, and training programs and reaffirms the role of the AJC delivery system.

¹ Examples include labor exchange services, career guidance, job search assistance, and referrals.

WIOA moves federal and state governments toward an integrated workforce and education system to better serve America's job seekers, workers, and employers. WIOA requires the application of primary performance indicators to core workforce and education programs; the Department will apply those same indicators to other Department-administered programs, including JVSG. VETS has been in lockstep with our workforce and education partners to ensure that the JVSG program is included in all stages of this transformation.

WIOA implementation and JVSG refocusing are two significant reforms currently underway in the workforce system, together enhancing employment and placement services for veterans. The Department is concerned about the potential negative impact the SOLVE Act would have by disrupting these two reforms before we have a chance to fully implement and evaluate them.

Implementation of the SOLVE Act

The JVSG program is already in the midst of significant programmatic changes due to WIOA and the JVSG refocusing that will require the time and attention of state and local workforce staff for their successful implementation. If a state were to transition the administration of its JVSG grants from its state workforce agency to its state veterans' agency, that transition would have the potential to magnify the complexity of the adoption of WIOA and compliance with JVSG refocusing, compounding the risks of significant challenges in delivering effective employment services to veterans for years to come.

DOL is also concerned about transition costs, particularly in light of the language expressly prohibiting additional funding. If a state were to shift management of the JVSG program from the State Workforce Agency to another agency, there would likely be costs associated with that transition. In reviewing State transition plans, we would need to ensure that the State's transition plan addresses such costs without sacrificing services to veterans.

Further, under the proposed language, approval of a state's proposal of additional populations to be served under the JVSG program would necessitate adding staff to meet this unanticipated workload. The JVSG program funding is allocated by formula and it is VETS' experience that the existing DVOP staffing levels are insufficient to fully meet the demand for DVOP services already permitted by law, as reflected in the difficulty some states are having in meeting the target intensive services rate of 90%. Allowing additional categories of veterans to receive JVSG services will either require additional staff or will result in a lower share of participants receiving intensive services. In addition, there would be an adjustment period as States may need to hire or retrain staff to ensure the specialized needs of these new populations are met. I raise these concerns about undertaking the changes outlined in the SOLVE Act at the same time as WIOA and JVSG refocusing are implemented as they are significant and I urge the Committee to take the time to fully consider them.

S.2896--“Care Veterans Deserve Act of 2016”

S. 2896 would, among other things, amend the Veterans Access, Choice, and Accountability Act of 2014 (the Choice Act), Pub. L. 113-146, to eliminate the sunset date for the Department of Veterans Affairs' Veterans Choice Program and expand eligibility for the program. The Choice Act contains an exemption from the laws enforced by the Department's Office of Federal Contract Compliance Programs (OFCCP) for certain entities that enter into agreements with VA to provide health care through the Choice Program. Sec. 101(d)(3)(A) of Pub. L 113-146, as amended. The Department of Labor strongly supports providing the VA with the authority to purchase care and services in the community when such services are not reasonably available from the VA or through pre-existing contracting authority or sharing agreements. However, because simply extending the Choice Act would also extend the current exemption and leave veterans and other employees of federal contractors without certain civil rights protections, we have serious concerns with the Care Veterans Deserve Act.

OFCCP is the only agency with enforcement and compliance assistance authority for these protections, which are some of the most basic civil rights protections in federal law. They prohibit federal contractors and subcontractors from engaging in employment discrimination and require them to take affirmative action to ensure that job seekers and employees are treated without regard to their race, color, religion, sex, sexual orientation, gender identity, national origin, disability, or status as a covered veteran. These safeguards protect millions of workers, including those providing care for veterans. We cannot support legislation that rolls back these key civil rights protections, and urge the Committee to restore these important protections before lifting the Choice Act's sunset. The Administration has put forward a legislative proposal that would provide VA the authorities it needs going forward when it is working with providers in the community while maintaining these important protections. We believe that this balance is the right one for veterans seeking care, the workers serving or seeking to serve those veterans, our veterans' healthcare system, and the health care industry,

Conclusion

In light of our concerns as expressed above, and the Department's obligation to ensure effective coordination and integration of the JVSG program with the state public workforce system, we oppose the SOLVE Act. We believe we have made significant progress improving the employment outcomes of veterans, including through the more targeted provision of intensive services, and the SOLVE Act could reverse these trends. I remain committed to efforts to improve the administration of the JVSG program, and look forward to further dialogue with the Committee in order to meet our shared goal of promoting full employment for the extremely deserving veterans and spouses covered by DOL programs.

In addition, while DOL supports providing the VA with the authority to purchase care and services in the community when such services are not otherwise reasonably available, the Choice

Act contains an exemption from the laws enforced by OFCCP that would leave veterans and other employees of direct federal contractors without basic civil rights protections. DOL cannot support this statutory roll-back of civil rights protections, and urges the Committee to delete the OFCCP exemption before lifting the Choice Act's sunset.

This concludes my written statement. Thank you for the opportunity to be a part of this hearing. I welcome your questions.