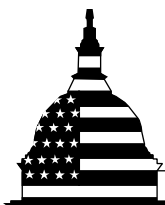


December 2012

VETERANS' EMPLOYMENT AND TRAINING

Better Targeting, Coordinating, and Reporting Needed to Enhance Program Effectiveness



G A O

Accountability * Integrity * Reliability

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Why GAO Did This Study

In fiscal year 2011, the federal government spent an estimated \$1.2 billion on six veterans' employment and training programs, serving about 880,000 participants. Labor administers five of these programs and VA administers one. Despite these efforts, the unemployment rate for veterans who have recently separated from the military is higher than that for the civilian population. The number of service members transitioning to the civilian workforce is expected to increase. In response to a request, this report examines (1) the extent to which federal veterans' employment and training programs vary in services they deliver and veterans who receive them; (2) the extent to which federal agencies coordinate programs; and (3) what is known about the performance of these programs. To address these objectives, GAO reviewed agency data, policy documents, and relevant federal laws and regulations, reports, and studies, and interviewed federal and regional officials and state officials in six states selected to achieve geographic and demographic diversity. In examining coordination, GAO included in its review employment assistance DOD provides to Guard and Reserve members.

What GAO Recommends

GAO is making four recommendations aimed at improving the guidance provided to staff in the coordination handbook, integrating DOD into the interagency coordination framework, improving agency reporting on achievement of program performance goals, and assessing program effectiveness. Labor, VA, and DOD generally agreed with our recommendations.

View [GAO-13-29](#). For more information, contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov.

VETERANS' EMPLOYMENT AND TRAINING

Better Targeting, Coordinating, and Reporting Needed to Enhance Program Effectiveness

What GAO Found

The six federal veterans' employment and training programs offer similar employment services, but largely target different groups. Among these programs, the Department of Labor's (Labor) Disabled Veterans' Outreach Program has the greatest potential for overlap with other veterans' programs and Labor's employment programs for the general population. Federal law governing the Disabled Veterans' Outreach Program makes all veterans who meet the broad definition of "eligible veteran" eligible for its services, but gives disabled veterans and economically and educationally disadvantaged veterans the highest priority for services. However, Labor's guidance does not provide states—who administer the program using federal funds—criteria for prioritizing services. The law also generally requires that program staff provide participants with intensive services (e.g., individual employment plans), but Labor's data indicate that nationally 28 percent of participants received such services in 2011. In explaining this statistic, Labor officials said one possible explanation was that staff are enrolling people who do not need intensive services. Labor said it plans to develop guidance on prioritizing services, and it also has a six-state pilot to improve monitoring, but neither of these efforts has been completed.

In 2008, Labor and the Department of Veterans Affairs (VA) compiled a handbook intended to guide the roles of their respective staff in coordinating services to disabled veterans; however, they have not updated the handbook nor included related Department of Defense (DOD) employment initiatives in their interagency agreements. GAO's interviews with VA and Labor officials identified certain challenges with meeting desired program outcomes resulting, in part, from sections of the handbook that provide insufficient guidance or are subject to misunderstanding. For example, the handbook says Labor and VA are to coordinate to achieve "suitable employment"—employment that follows the veteran's rehabilitation plan and does not aggravate the disability. However, it does not explicitly say how staff should navigate situations where a veteran's financial need or preferences do not align with this goal. In such instances, program staff may work at cross purposes and veterans may accept jobs that do not count as suitable employment. Further, DOD is expanding its employment assistance, but does not have an interagency agreement to coordinate with Labor and VA efforts. Absent an updated handbook and integration of DOD into the coordination framework, there is increased risk for poor coordination and program overlap.

While available performance information shows that most programs' outcomes are below pre-2007 levels, the information Labor reports and the research it has conducted make it difficult to know the extent to which each program is achieving its annual performance goals. Veterans' employment outcomes for programs administered by both Labor and VA have generally not regained levels seen before the recession that began in 2007, which is similar to employment programs for the general population. In reporting performance, Labor does not relate employment outcomes to individual program goals. In contrast, Labor reports outcomes and goals for its other workforce programs aimed at the general population. Moreover, while both agencies have studies completed or under way, neither has conducted impact evaluations that assess program effectiveness to determine whether outcomes are attributable to program participation and not other factors. As a result, Congress and other key stakeholders lack essential information needed to assess each program's performance.

Figure 1: Veterans' Employment and Training Programs



Source: GAO-11-92.

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Abbreviations

DOD	Department of Defense
ESGR	Employer Support of the Guard and Reserve
ES	Employment Service
ETA	Employment and Training Administration
Labor	Department of Labor
PTSD	post-traumatic stress disorder
TAP	Transition Assistance Program
USERRA	Uniformed Services Employment and Reemployment Rights Act of 1994
VA	Department of Veterans Affairs
VETS	Veterans' Employment and Training Service
VWIP	Veterans' Workforce Investment Program
WIA	Workforce Investment Act of 1998

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United States Government Accountability Office
Washington, DC 20548

December 13, 2012

The Honorable Max Baucus
Chairman, Committee on Finance
United States Senate

The Honorable Jon Tester
United States Senate

In fiscal year 2011, the Department of Labor (Labor) and the Department of Veterans Affairs (VA) spent an estimated \$1.2 billion on veterans' employment and training programs and served about 880,000 participants. In addition, the Department of Defense (DOD) has begun providing additional employment assistance to Guard and Reserve members. In 2011, Congress enacted a new law,¹ and the Administration launched additional initiatives² to improve employment opportunities for veterans. While the overall unemployment rate for veterans is comparable to that of non-veterans, the unemployment rate for veterans who have more recently separated from the military is higher than that of civilians and other veterans. Moreover, more than 1 million service members are projected to separate from the military and transition to civilian life from 2011 to 2016. In addition, the number of veterans with service-connected disabilities is on the rise.

Over the last 20 years, we have periodically reported on individual employment and training programs as well as on specific populations of veterans who use them.³ In January 2011, as a part of a larger review of

¹ VOW to Hire Heroes Act of 2011, Pub. L. No. 112-56, 125 Stat. 711.

² In November 2011, the White House announced several new initiatives related to veterans' employment, including online tools to help veterans translate their military skills to the civilian workforce and find job postings from companies.

³ GAO's most recent reports on veterans' employment and training programs include *Vocational Rehabilitation and Employment: Better Incentives, Workforce Planning, and Performance Reporting Could Improve Program*, [GAO-09-34](#) (Washington, D.C.: Jan. 26, 2009); *Disabled Veterans' Employment: Additional Planning, Monitoring, and Data Collection Efforts Would Improve Assistance*, [GAO-07-1020](#) (Washington, D.C.: Sept. 12, 2007); and *Veterans' Employment and Training Service: Labor Could Improve Information on Reemployment Services, Outcomes, and Program Impact*, [GAO-07-594](#) (Washington, D.C.: May 24, 2007).

all federal employment and training programs, we identified six employment and training programs⁴ administered by Labor and VA that are targeted toward veterans. Labor oversees five of these programs: (1) the Disabled Veterans' Outreach Program, (2) the Homeless Veterans' Reintegration Program, (3) the Local Veterans' Employment Representative Program (Employment Representative Program), (4) the Transition Assistance Program (TAP), and (5) the Veterans' Workforce Investment Program (VWIP). VA oversees the sixth program: the Vocational Rehabilitation & Employment Program (Vocational Rehabilitation Program).⁵ More specifically, our report identified services, eligibility requirements, and outcome measures that these programs had in common.

For this report, we focus in more detail on the six programs identified in our January 2011 report and examine (1) the extent to which federal veterans' employment and training programs vary in terms of the services they deliver and the veterans who receive them; (2) the extent to which federal agencies coordinate these programs; and (3) what is known about the performance of these programs.

To address our first objective, we analyzed Labor and VA data on services provided and veteran participants, as well as agency annual reports, budget justifications, guidance, and relevant federal laws and regulations for the six programs listed above. To address our second objective, we reviewed key agency agreements and guidance, and interviewed agency officials and associations representing the interests of veterans. In responding to this objective, we included not only the six programs indicated above but also three Labor programs available to the

⁴ GAO, *Multiple Employment and Training Programs: Providing Information on Colocating Services and Consolidating Administrative Structures Could Promote Efficiencies*, [GAO-11-92](#) (Washington, D.C.: Jan. 13, 2011). We defined an employment and training program as one specifically designed to enhance the specific job skills of individuals in order to increase their employability, identify job opportunities, or help job seekers obtain employment.

⁵ In November 2011, Congress enacted the VOW to Hire Heroes Act of 2011, which established the Veterans Retraining Assistance Program, a new employment and training program for certain unemployed veterans between the ages of 35 and 60 years old. Pub. L. No. 112-56, tit. II, 125 Stat. 711, 712. Through that program, veterans receive training leading to an associate's degree or similar certificate in a high-demand occupation from a community college or technical school. VA administers this program. We did not include this program in our review because it had not been fully implemented.

general population: the Workforce Investment Act (WIA) Adult and Dislocated Worker programs, and the Employment Service (ES) Program.⁶ We also included two DOD programs which have recently begun providing employment services: (1) the Yellow Ribbon Reintegration Program (Yellow Ribbon), which includes the Employment Initiative Program, and (2) the Employer Support of the Guard and Reserve (ESGR).⁷ As part of answering our first two objectives, we also conducted case studies in six selected states. For all 50 states, we first determined whether each was high, medium, or low on the following characteristics: the percentage of veteran population, amount of program expenditures, program performance, and veterans' unemployment rate. We then selected one state from each of Labor's six regions to achieve variation on the above characteristics, as well as diversity in terms of geography and state size. These states were Florida, Massachusetts, Ohio, Oregon, Texas, and Virginia. Within these states we interviewed federal officials assigned to the state and/or region⁸ and the Director or designee of the state workforce agency. State workforce agencies operate employment programs using federal funds. Finally, within three states, we interviewed the state government's Director of Veterans Affairs. For each state, we also reviewed state plans that specify how the state will enact federal policies. To address our third objective, we analyzed agency annual reports, budget justifications, and other agency documents for the six programs indicated above. We also synthesized findings from relevant past GAO reports and agency-sponsored program evaluations. We used data from the Labor Exchange Reporting System, Veterans' Employment and Training Service (VETS) Operations and Programs Activity Report data system, the VA Corporate Case Management System, and Defense Manpower Data Center. We found the data from these systems sufficiently reliable for our reporting

⁶ Apart from the five Labor employment and training programs that target veterans, these three programs account for 98 percent of the veterans who participated in other Labor programs.

⁷ These DOD programs were not included in our January 2011 review. For this report, we decided to include nationally coordinated DOD programs focused on serving Guard and Reserve members who may qualify as veterans for certain Labor and VA programs.

⁸ The federal officials we interviewed who were assigned to a state or region included the regional administrator and state director of Veterans' Employment and Training, the Vocational Rehabilitation Program officer, and the ESGR chairperson in each state. ESGR chairpersons are federal representatives, but not federal employees, as they are volunteers.

purposes. Additional details regarding our methodology can be found in appendix I.

We conducted this performance audit from September 2011 through December 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the information and data obtained, and the analysis conducted, provide a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Labor and VA Employment and Training Programs Serving Veterans

Labor and VA oversee six employment and training programs targeted to veterans (see table 1). Labor administers its programs through state workforce agencies in each state. Within Labor, VETS administers five employment programs targeted to veterans.⁹ VETS provides grants to states to support state workforce agency staff who serve veterans through the Disabled Veterans' Outreach Program, Employment Representative Program, and TAP. Through the Homeless Veterans' Reintegration Program and VWIP, VETS also provides funding to organizations that serve eligible veterans, including nonprofits. Labor oversees these programs through federal officials stationed in each region, as well as a Director of Veterans' Employment and Training located in each state. Within VA, the Vocational Rehabilitation Program provides employment services to certain veterans with disabilities. VA offers the program in 56 regional offices and 169 satellite offices. The program has about 1,000 staff, including vocational rehabilitation counselors, employment coordinators, support staff, and managers. Rehabilitation counselors determine entitlement to services.

⁹ VETS is also responsible for enforcing parts of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). Congress enacted USERRA in 1994, in part, to minimize disruptions to the lives of persons performing service in the military as well as to their employers. See 38 U.S.C. ch. 43.

Table 1: Federal Employment and Training Programs Targeted to Veterans

Program and administering agency	Overview	2011 funding ^a	Number of participants in fiscal year 2011 ^b
Disabled Veterans' Outreach Program (Labor)	Formula grants to states to fund staff positions in the state workforce agencies. These staff provide employment services to eligible veterans. The law requires that to the greatest extent possible Labor hire qualified veterans to fill these positions. ^c	\$85,000,000	319,274
Employment Representative Program (Labor)	Formula grants to states to fund staff positions in the state workforce agencies. These staff reach out to employers to find jobs for veterans. The law requires that to the greatest extent possible Labor hire qualified veterans or eligible persons to fill these positions. ^d	\$72,000,000	292,506
Homeless Veterans' Reintegration Program (Labor)	Competitive grants to state and local agencies, for-profit/commercial entities, and nonprofit organizations to provide employment and supportive services to veterans.	\$36,000,000	15,956
TAP (Labor)	Provides workshops to help service members prepare for civilian employment.	\$7,000,000	141,327
VWIP (Labor)	Competitive grants to state and local agencies, for-profit/commercial entities, and nonprofit organizations to provide employment and supportive services to veterans.	\$9,000,000	4,269
Vocational Rehabilitation Program (VA)	Provides funding for staff located in field offices and subsistence allowances to veterans and pays for tuition, books, and supplies for veterans.	\$973,000,000	107,925 ^e

Source: GAO analysis of Labor and VA annual budget justifications, performance reports, and fact sheets.

^a The Homeless Veterans' Reintegration Program and VWIP numbers represent program year 2010, which began on July 1, 2010, and ended June 30, 2011, rather than fiscal year 2011. The funding for the other programs listed represent fiscal year 2011.

^b Veterans can be co-enrolled in more than one program and numbers do not represent unduplicated counts.

^c 38 U.S.C. § 4103A(b).

^d 38 U.S.C. § 4104(c).

^e Veterans generally have a 12-year period of eligibility from the time they leave the military and generally up to 48 months of benefits if enrolled in the program.

In addition to its programs administered by VETS, Labor offers employment and training services to the general population—including veterans. These services are administered by the Employment and Training Administration (ETA). First, ETA administers the ES Program, which provides a national system of public employment services to all individuals seeking employment. ES provides services such as job search, labor market information, and job referrals to the public, including job seekers and employers. ETA carries out its ES Program through state

workforce agencies. ETA also administers the WIA Adult and Dislocated Worker programs, which provide a broad range of services including job search assistance, skill assessment, and training for eligible individuals. When funds are limited, the WIA Adult Program is to give priority for intensive and training services to low income adults or those on public assistance.¹⁰ In program year 2010, 94,629 veterans exited from the WIA Adult Program.¹¹ WIA's Dislocated Worker Program generally targets adults who have been terminated or laid off from employment and meet other criteria. In program year 2010, 58,350 veterans exited from the WIA Dislocated Worker Program.

Federal law requires VETS, ES, and WIA Adult and Dislocated Worker programs to offer their services through the one-stop system—which includes centers through which job seekers can access a range of employment and training programs.¹² Two of VETS' programs—Disabled Veterans' Outreach and Employment Representative programs—have about 2,100 staff who work primarily in local one-stop centers. Federal law also requires other Labor-funded programs—including ES and WIA Adult and Dislocated Worker programs—to give veterans priority over the general population when they seek services (referred to as priority of service).¹³ VETS and ETA jointly monitor compliance with this requirement.

Most ETA and VETS programs report the same performance measures, known as the common measures. They include

- percentage of program exiters who have obtained employment (entered employment rate),

¹⁰ The WIA Adult and Dislocated Worker programs have three levels of service—core, intensive, and training. Core services include basic services such as job search and labor market information; intensive services include activities such as comprehensive assessments and case management; and training includes services such as occupational or vocational training. ES is intended to only provide core services.

¹¹ The program year 2010 covers July 2010 to June 2011.

¹² Labor also has national electronic tools for recently separating veterans, such as My Next Move for Veterans, and Veterans resources on the CareerOneStop Worker ReEmployment Portal.

¹³ 38 U.S.C. § 4215.

-
- percentage retaining employment for 6 months after exiting the program (employment retention rate), and
 - 6-month average earnings of program exiters (average earnings).¹⁴

For each of these, Labor establishes annual performance goals.

VA reports an employment rehabilitation rate as a measure of performance for the Vocational Rehabilitation Program. A “rehabilitated” veteran is one who successfully completes a rehabilitation plan and is equipped with the required skills and tools needed to obtain and maintain suitable employment (i.e., employment that is consistent with the veteran’s skills, aptitudes, and interests).¹⁵

DOD Programs

DOD works with Labor and VA to provide transition assistance workshops as a part of TAP.¹⁶ In addition, DOD helps Guard and Reserve members obtain civilian employment through its operation of several programs, including the Yellow Ribbon Program and ESGR. The Yellow Ribbon Program serves National Guard and Reserve members and their families by hosting events that provide information on employment opportunities, health care, education/training opportunities, finances, and legal benefits.¹⁷ The ESGR is a nationwide network of volunteers who address

¹⁴ These measures are calculated after the exit quarter, or 3 months after the participant exits the program. In addition, the 6-month average earnings measure is calculated for those participants who retain employment for 6 months after exiting the program.

¹⁵ The employment rehabilitation rate tracks the percentage of program participants who are rehabilitated through attaining suitable employment as a proportion of program participants who left the program either through rehabilitation or because they discontinued their participation.

¹⁶ The Department of Homeland Security also helps provide transition assistance workshops to U.S. Coast Guard service members.

¹⁷ Under the Yellow Ribbon Program, DOD is required to conduct post-deployment activities and services that provide information on employment opportunities and resources and information necessary for successful reintegration of Guard and Reserve members. Pub. L. No. 110-181 § 582(g)(5), 122 Stat. 3, 125 (2008), as amended by Pub. L. No. 111-383 § 583(d), 124 Stat. 4137, 4228 (2011).

unemployment and underemployment of Guard and Reserve members through participation in employment-related events.¹⁸

Veterans' Programs Provide Similar Services and Largely Serve Different Populations, but It Is Unclear If the Disabled Veterans' Outreach Program Is Appropriately Serving Its Targeted Population

Six Federal Programs Provide Similar Types of Employment Services but Largely Serve Different Populations

As shown in figure 1, the six federal employment and training programs targeted to veterans offer similar types of employment and training services.¹⁹ For example, all programs offer employment counseling and assessment, job search or job placement activities, and job readiness skills training. Other services available from more than one of these programs include the development of job opportunities, job referrals, and occupational and vocational training, among others.

¹⁸ The ESGR was established in 1972 to promote cooperation and understanding between reserve component service members and their civilian employers and to assist in the resolution of conflicts arising from an employee's military commitment. However, within the last 2 years, the program has expanded its mission to focus on broader employment needs of service members.

¹⁹ [GAO-11-92](#).

Figure 1: Reported Services Provided by Programs Targeting Veterans, Fiscal Year 2012

	Disabled Veterans' Outreach Program (Labor)	Homeless Veterans' Reintegration Program (Labor)	Employment Representative Program (Labor)	Transition Assistance Program (Labor)	Veterans' Workforce Investment Program (VWIP) (Labor)	Vocational Rehabilitation (VA)
Employment counseling and assessment	✓	✓	✓	✓	✓	✓
General Equivalency Diploma (GED) assistance		✓			✓	✓
Development of job opportunities	✓	✓	✓		✓	✓
Job readiness skills training	✓	✓	✓	✓	✓	✓
Job referrals	✓	✓	✓		✓	✓
Job retention training	✓	✓	✓		✓	✓
Job search or job placement activities	✓	✓	✓	✓	✓	✓
Occupational or vocational training		✓			✓	✓
On-the-job training		✓			✓	✓
Remedial academic, English language skills, or basic adult literacy		✓			✓	✓
Work experience		✓			✓	✓

Source: GAO analysis based on GAO-11-92 and interviews with agency officials.

Even though the programs generally offer similar types of services, they largely serve different populations. The following programs provide employment and training services solely for a specified group:

- TAP: transitioning service members and their spouses;
- Homeless Veterans' Reintegration Program: homeless veterans; and
- Vocational Rehabilitation Program: service-connected, disabled veterans.²⁰

The remaining programs serve a broader group of veterans. VWIP trains veterans with significant barriers to employment, among others.²¹

²⁰ 38 U.S.C. § 3102(a). To receive Vocational Rehabilitation Program services, veterans generally must have at least a 20 percent disability rating and an employment handicap. Veterans with a 10 percent disability rating may also be entitled to receive services if they have a serious employment handicap.

²¹ 29 U.S.C. § 2913. The program also serves veterans with service-connected disabilities; veterans who served on active duty in the armed forces during a war, campaign, or expedition for which a campaign badge has been authorized; and recently separated veterans.

However, Labor is seeking to defund VWIP, due to the increasingly high cost per placement into employment for program participants. Of the two remaining programs, the Employment Representative Program and the Disabled Veterans' Outreach Program can serve all eligible veterans.²² Veterans generally obtain access to the Employment Representative Program by first participating in the Disabled Veterans' Outreach Program. Consequently, the Disabled Veterans' Outreach Program has the most potential overlap with the other veterans' employment and training programs and Labor's other workforce programs; we focused in detail on this program's target population and services.

It Is Unclear if Disabled Veterans' Outreach Program Is Appropriately Serving Its Targeted Population

The law governing the Disabled Veterans' Outreach Program defines who is eligible for services and who among those eligible should receive priority for those services. Under the law, services are to be provided to eligible veterans. However, the law says that among eligible veterans priority should be given in the following order (1) special disabled veterans,²³ (2) other disabled veterans,²⁴ and (3) other eligible veterans as determined by the Secretary of Labor.²⁵ The law requires Labor to give

²² "Eligible veteran" is defined as a person who meets one of the following criteria: (1) served on active duty for a period of more than 180 days and was discharged or released with other than a dishonorable discharge; (2) was discharged or released from active duty because of a service-connected disability; (3) as a member of a reserve component under an order to active duty under certain circumstances, served on active duty during a period of war or in a campaign or expedition for which a campaign badge is authorized and was discharged or released from such duty with other than a dishonorable discharge; or (4) was discharged or released from active duty by reason of a sole survivorship discharge. See 38 U.S.C. § 4101(4), which incorporates the definition from 38 U.S.C. § 4211(4).

²³ "Special disabled veteran" is defined to mean either of the following: (1) a veteran who is entitled to compensation (or who but for the receipt of military retired pay would be entitled to compensation) under laws administered by the Secretary for a disability (i) rated at 30 percent or more, or (ii) rated at 10 or 20 percent in the case of a veteran who has been determined to have a serious employment handicap; or (2) a person who was discharged or released from active duty because of a service-connected disability. See 38 U.S.C. § 4101(1), which incorporates the definition from 38 U.S.C. § 4211(1).

²⁴ "Disabled veteran" is defined to mean either (1) a veteran who is entitled to compensation (or who but for the receipt of military retired pay would be entitled to compensation) under laws administered by the Secretary, or (2) a person who was discharged or released from active duty because of a service-connected disability. See 38 U.S.C. § 4101(3), which incorporates the definition from 38 U.S.C. § 4211(3).

²⁵ Under the statute, in determining other eligible veterans, the Secretary is to take into account rates of unemployment and other factors. 38 U.S.C. § 4103A(a)(1)(C).

maximum emphasis to meeting the employment needs of economically or educationally disadvantaged veterans in providing these services.²⁶ The law also generally requires that program staff provide participants with intensive services.²⁷

However, Labor's 2010 guidance for the Disabled Veterans' Outreach Program indicates that Congress questioned how the program differed from other programs and does not provide states with criteria for determining which veterans fit two of the program's priority groups: economically and educationally disadvantaged veterans. This guidance was intended to refocus the roles and responsibilities of Disabled Veterans' Outreach Program staff as a way to better reflect this program's legislative intent.²⁸ The 2010 guidance said program staff should ensure that specific segments of the veteran population are served by the state workforce agency and ensure that veterans are provided intensive services—such as assessing skills and abilities, conducting in-depth interviews to identify employment barriers, and developing individual employment plans. The guidance indicates that Congress had questioned how the program differed from other Labor programs. Although the guidance identified disabled veterans among the program's highest priority, it also gave states the flexibility to identify other target groups. Specifically, it said that states should select veteran populations who require a significant cross-section of program services in order for these populations to fully and successfully participate in the workforce. It goes on to list a broad range of groups as examples of potential groups to target for services without defining them. The list provided includes, for example, older veterans and veterans residing in rural areas. It does not identify these groups as subcategories of the disabled population. In addition, Labor announced a new initiative in November 2011, called the Gold Card initiative, which added another target population to be served by the Disabled Veterans' Outreach Program. This initiative provides unemployed post-9/11 era veterans with enhanced intensive services, including up to 6 months of follow-up. Importantly, neither the law, nor Labor's 2010 guidance referred to above define "economically

²⁶ 38 U.S.C. § 4103A(a)(2).

²⁷ The law mentions Disabled Veterans' Outreach Program staff as both carrying out intensive services and also facilitating placements.

²⁸ Department of Labor, Veterans' Employment and Training Service, Veterans' Program Letter, No. 07-10 (Washington, D.C.: June 29, 2010).

disadvantaged” or “educationally disadvantaged.” As a result, states have no standard method for identifying veterans based on these criteria.

Labor requires states to identify veteran populations to target for specialized services in their state plans for veteran services. As shown in figure 2, state plans for all of the six states in our review identified veterans with service-connected disabilities and disabled veterans. Four of the six states explicitly identified economically and educationally disadvantaged veterans. Beyond that, states identified a broad range of groups as target populations whose need for services would have to be balanced against those of the priority groups identified by the law.

Figure 2: Summary of Priority and Target Groups for Disabled Veterans’ Outreach Program in Selected States in Our Review

<i>Highest priorities^a</i>	Florida	Mass.	Ohio	Oregon	Texas	Virginia
Service-connected disabled ^b	✓	✓	✓	✓	✓	✓
Disabled veterans	✓	✓	✓	✓	✓	✓
Economically and educationally disadvantaged		✓	✓		✓	✓
Homeless	✓	✓	✓	✓	✓	✓
Guard and Reserve	✓	✓	✓	✓		
Wounded service members	✓	✓	✓	✓	✓	✓
Transitioning service members	✓		✓		✓	✓
Women		✓		✓		✓
Minorities		✓				✓
Incarcerated/Felony convicted	✓	✓	✓	✓		
Older	✓	✓	✓			
Rural	✓	✓	✓			
Recently separated		✓				
Other eligible veterans				✓		✓

Source: GAO analysis of Jobs for Veteran State Grant State Plans for Fiscal Year 2010-2014.

^aFederal law states that, among eligible veterans, priority should be given in the following order: (1) special disabled veterans, (2) other disabled veterans, and (3) other eligible veterans as determined by the Secretary of Labor. The law also requires maximum emphasis be placed on meeting the employment needs of economically or educationally disadvantaged veterans in providing these services.

^bThis includes veterans who are enrolled in or completed the VA Vocational Rehabilitation Program, returning wounded or injured service members, and REALifelines participants. REALifelines is a Labor initiative that provides employment services for transitioning wounded and injured service members and their families.

A variety of state-level officials identified two issues affecting the consistency of targeting for the Disabled Veterans' Outreach Program. The first is whether determinations of which veterans should receive priority are consistent. Staff have flexibility in how to make this determination. More importantly, local one-stop staff make the final decision about who is served. Officials in half the states we reviewed said this process can be very subjective. Secondly, all veterans, regardless of priority, may want to use the program and program staff may want to serve veterans regardless of priority. One state-level Labor official acknowledged that veterans want to work with Disabled Veterans' Outreach staff once they hear about services provided and acknowledged that there may also be local one-stop centers that route veterans directly to Disabled Veterans' Outreach Program staff instead of assessing a veteran's need for intensive services. Another state-level official told us his state decided to create a special position to manage Disabled Veterans' Outreach Program staff, in part, because staff wanted to help all veterans, although they were supposed to see only veterans with "barriers" to employment.

Further, Labor has limited data on who the program actually serves. Labor collects data on program participants who are disabled or special disabled.²⁹ In program year 2010, about 25 percent of participants in the Disabled Veterans' Outreach Program were disabled or special disabled. However, Labor does not collect data on the other populations states target, such as Guard and Reserve members or wounded service members. Labor officials said the agency does not collect this information because there are too many targeted groups and such reporting would burden states. In addition, until June 2012, Labor had no state-level method to collect data on veterans receiving services under the Gold Card initiative.

Labor has initiated a pilot to improve how it monitors who the Disabled Veterans' Outreach Program serves. As part of its monitoring process, Labor encourages federal VETS directors in each state to ensure that 20 percent of local areas within their state complete a self-assessment

²⁹ Labor also has data on VETS participants when they are co-enrolled in the WIA Adult and Dislocated Worker programs.

annually.³⁰ From this 20 percent, the directors randomly select a smaller group of local areas for site visits. These random samples are not generalizable, according to a Labor official.³¹ Labor conducted a pilot of new auditing protocols to improve monitoring of how Disabled Veterans' Outreach Program staff conduct their duties, part of which involves deciding who is served by the program. According to Labor officials, Labor plans to review feedback from the six participating states and make necessary changes before moving to full implementation of the new auditing protocols, which is expected in early 2013.

National data indicate that about a third of veterans enrolled in the Disabled Veterans' Outreach Program receive intensive services. In program year 2011,³² the Disabled Veterans' Outreach Program reported that staff provided intensive services to 28 percent of program participants nationally. (The precise percentage of veterans receiving intensive services could be higher given measurement issues, which are discussed in more detail below.) Further, according to Labor, Disabled Veterans' Outreach Program staff expended the majority of their effort providing standard services to veterans that are available to all customers through the ES Program.

Who the program is serving and staff's other activities may, in part, explain the relatively low percentage of Disabled Veterans' Outreach Program participants who receive intensive services. Federal and state Labor officials and National Veterans' Training Institute officials said the percentage may be low because the program is serving some veterans who do not need intensive services. Federal Labor officials also said if Disabled Veterans' Outreach staff are serving veterans regardless of priority, then staff may have less time to provide intensive services to those who most need them. Further, federal and state-level Labor officials noted that Disabled Veterans' Outreach staff are instructors for TAP

³⁰ These self-assessments, in part, reflect how well the current operations reflect the state plan and the roles and responsibilities of Disabled Veterans' Outreach staff. State-level directors of VETS Programs are supposed to validate these self-assessments using management reports that contain critical data on characteristics that make veterans eligible and the services veterans receive.

³¹ According to the official, local areas vary in how they deliver services and allocate staff.

³² Program year 2011 reflects the reporting period July 2011 through June 2012.

sessions and said this responsibility could take away some of their time from providing intensive services.³³

Some federal and state-level Labor officials also said potential underreporting could help explain the low percentage of participants reported as receiving intensive services. In 2010, VETS stated that it was adopting a definition of intensive services consistent with WIA.³⁴ Some federal and state-level Labor officials as well as National Veterans' Training Institute officials said state reporting systems were not configured to capture certain activities that were part of the new definition.³⁵ As mentioned previously, until June 2012, Labor had no state-level method to collect data on veterans eligible to receive intensive services under the Gold Card initiative.

Until recently, Labor had not set national targets for the percentage of Disabled Veterans' Outreach Program participants who should receive intensive services. For fiscal year 2012 and fiscal year 2013, Labor has set 32 percent and 35 percent as respective targets. These targets are not based on the number of groups targeted or the nature of potential barriers to employment participants might face.³⁶ Labor officials said they are developing new guidance to clarify staff roles in providing intensive services, but at the time of this review, the guidance was not completed. Labor officials said they plan to implement the new guidance in early 2013.

³³ As of March 2013, contractors will conduct TAP sessions instead of Disabled Veterans' Outreach staff.

³⁴ VETS guidance stated that the intensive services category was clarified to include the following: comprehensive assessment of education, skills, and abilities; in-depth interviewing and evaluation to identify employment barriers and appropriate employment goals; group and individual career coaching; short-term, pre-vocational services that may include development of learning and communication skills, interviewing skills, personal maintenance skills, and professional conduct to prepare individuals for career goals; and development of an individual employment plan that identifies employment goals, interim objectives, and appropriate services that will enable the veteran to meet his or her employment goals. Veterans' Program Letter, No. 07-10.

³⁵ The Disabled Veterans' Outreach Program uses the data system for the ES Program, which differs from the data system used by WIA programs.

³⁶ According to Labor, the fiscal year 2012 target was established by increasing the previous fiscal year outcome for intensive services by 22 percent.

Labor and VA Have an Established Framework for Coordination, but It Does Not Include New Employment Initiatives DOD Is Pursuing

Labor and VA Have an Established Coordination Framework and Are Taking Steps to Periodically Review It

Labor and VA have established a framework to coordinate their employment and training programs. In 2005, Labor and VA signed an interagency memorandum of agreement that outlines how the agencies plan to coordinate the Vocational Rehabilitation and Disabled Veterans' Outreach and Employment Representative programs to serve disabled veterans, respectively. The agencies have also collaboratively created an interagency handbook³⁷ that delineates roles and responsibilities and establishes a referral process between the Disabled Veterans' Outreach and the Vocational Rehabilitation programs. To assist field staff, the interagency handbook also provides standard language and guidance for agreements between local Labor and VA offices. As a result, local offices from both agencies can tailor the standard agreement language to meet local situations. The handbook has not been updated since 2008.

Labor and VA have provided staff with training on the handbook and formed a group to monitor coordination. Labor and VA conducted a national training webinar based on the interagency handbook for both agencies' staff after it was published, have made virtual trainings available since 2009, and provided technical assistance to staff. To monitor the coordination activities outlined in the interagency handbook, Labor and VA created a Joint Work Group. According to Labor and VA officials, this group recently discussed and agreed on a plan to review

³⁷ U.S. Department of Labor Veterans' Employment and Training Service and U.S. Department of Veterans Affairs Vocational Rehabilitation and Employment Service Technical Assistance Guide (2008).

one-third of local agreements made between Labor and VA field locations annually.³⁸

Labor and VA have collected information that could be useful in updating the handbook. The Joint Work Group recently conducted its first in-depth review of states' implementation of the handbook since it was established in 2008. According to Labor and VA officials, the Joint Work Group electronically surveyed the VA employment coordinators in all 56 VA Regional Offices and the 52 state-level directors of the Disabled Veterans' Outreach and Employment Representative programs.³⁹ While VA officials stated that they are currently reviewing the survey results to determine if the handbook needs to be updated, Labor officials told us they believe the handbook needs to be updated. We have reported previously that agencies need to create means to monitor agreements and related guidance periodically to keep them current and to identify areas for improvement.⁴⁰

Some Coordination Issues Have Arisen across Veterans' Employment and Training Programs

Our interviews with Labor and VA officials identified certain challenges with meeting desired program outcomes resulting, in part, from sections of the handbook that are subject to misunderstanding or provide insufficient guidance. They pertain to incorporating labor market information into rehabilitation plans and finding "suitable employment" for participants.

The first challenge with referrals as outlined in the handbook involved ensuring that participants' rehabilitation plans prepared them for jobs that existed in their local area. According to the referral process outlined in the

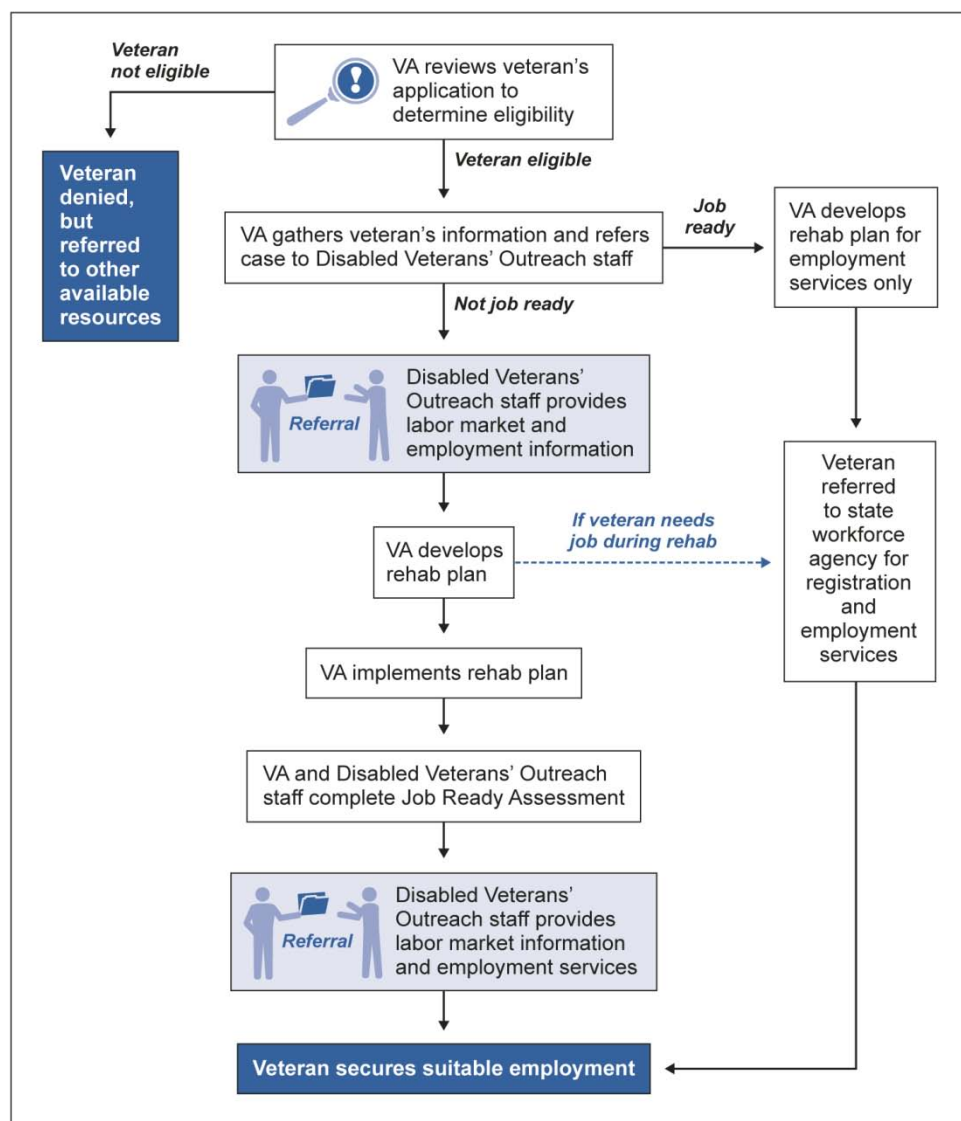
³⁸ In 2011, the work group reviewed existing agreements between local areas to determine the extent to which agreements were in compliance with the interagency handbook and found that a considerable number of the agreements lacked the information required by the handbook or did not follow the format the handbook specified. Officials noted that these deficiencies may be due to the fact that many agreements were written before the interagency handbook was developed in 2008 and varied widely up to the recent review. However, according to VA officials as of September 2012, all the local agreements have been reviewed for compliance with the interagency handbook.

³⁹ VA reported that Employment Coordinators in all 56 regional offices responded to this survey. Labor received 51 of the 52 surveys administered, with one survey not completed due to a vacancy in the position.

⁴⁰ GAO, *Results-Oriented Government Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

interagency handbook and by agency officials (see fig. 3), there are two main referral points from the Vocational Rehabilitation Program to Labor's Disabled Veterans' Outreach Program staff: (1) before the participant's rehabilitation plan is completed and (2) after the participant has completed a rehabilitation plan and been deemed job-ready, or ready for employment, by VA staff. Disabled Veterans' Outreach Program staff may provide participants with labor market information or other employment assistance at the first referral point and are required to at the second referral point. While VA officials in four of the six states we reviewed reported that they connected participants with Labor staff to receive labor market information and other employment consulting, only three of these states reported that they did this early in the process before the rehabilitation plan is completed. In two other states, VA officials reported they understood that they were supposed to refer participants to Labor only after they had completed rehabilitation plans and were job-ready, essentially skipping the first step where labor market information may have been useful. VA officials reported that labor market information may be provided to participants through small group presentations with Disabled Veterans' Outreach staff. For their part, state-level Labor officials noted that job placement was more challenging for Disabled Veterans' Outreach Program staff when participants' rehabilitation plans were developed without labor market information. In such cases, according to Labor officials, Disabled Veterans' Outreach Program staff were sometimes working with plans focused on training in occupations not available in the local labor market—in effect using programs' funds to prepare participants for jobs that do not exist in their local area. According to Labor officials, this made it more difficult for participants to have successful employment outcomes.

Figure 3: The Labor and VA Referral Process for Vocational Rehabilitation Participants



Source: GAO analysis of the U.S. Department of Labor Veterans' Employment and Training Service and U.S. Department of Veterans Affairs Vocational Rehabilitation and Employment Service Technical Assistance Guide.

Note: For the purposes of this graphic, VA refers to the Vocational Rehabilitation Program. Also, in some locations where a Disabled Veterans' Outreach staff may not be assigned, veterans could receive these services from other appropriate one-stop staff. Also, the term "job-ready" refers to veterans who are determined to be ready, willing, and able to participate in job development activities, but who may still have issues or barriers to employment such as limited transportation or child care needs.

The second challenge with referrals as outlined in the handbook involved ensuring that job-ready participants are directed to “suitable employment.” When veterans are referred to the Disabled Veterans’ Outreach Program at the job-ready stage, Disabled Veterans’ Outreach Program and VA staff are supposed to coordinate to find “suitable employment,” or employment that will not aggravate the participant’s disability and follows the participant’s rehabilitation plan. State-level Labor officials noted that, in some cases, veterans may choose to accept jobs they want or need but that do not fit in their employment or rehabilitation plan. Such jobs do not count as “suitable employment” for VA because the job may, in the long run, aggravate the veteran’s disability.⁴¹ While the handbook says agencies are to coordinate to achieve “suitable employment,” it does not explicitly say how Disabled Veterans’ Outreach Program and VA staff should deal with situations where a veteran’s financial need or preferences do not align with the goal of suitable employment.⁴² Absent guidance about how to navigate such situations, program staff may be working at cross purposes and program participants may be taking employment they cannot retain in the long run. This employment, in turn, may make a veteran’s disability worse and may make finding future employment more difficult. One official stressed that having labor market information incorporated into rehabilitation plans early may help veterans avoid taking a job that does not match their plans.

⁴¹ According to the handbook, if the Vocational Rehabilitation staff determine that the job is not suitable, the case is left open until suitable employment is found. If the veteran declines further services from the Vocational Rehabilitation Program, Disabled Veterans’ Outreach Program staff continue to work with the veteran as needed.

⁴² The handbook created a Labor representative role, co-located at VA offices, to help facilitate communication between Labor and VA. This position was filled in five of the six states in our review, according to state-level officials. We did not assess the direct role that this position played in resolving coordination issues related to suitable employment.

DOD Is Expanding Its Employment Initiatives, Which Are Not Included in the Labor-VA Coordination Framework

DOD is expanding its employment assistance to National Guard and Reserve members, but does not have employment service agreements with Labor or VA beyond an agreement for TAP.⁴³ In fiscal year 2011, DOD launched an employment assistance initiative under the Yellow Ribbon program, known as the Employment Initiative Program, that provides job workshops and job fairs to connect Guard and Reserve members to employers. The Employment Initiative Program under the Yellow Ribbon Program has hired and placed 56 “Employment Transition Coordinators” covering all 50 states, territories, and the District of Columbia who provide service members employment assistance among other services. The Yellow Ribbon Program has also held 27 job fairs since the beginning of fiscal year 2012. To support the job fairs, the Yellow Ribbon Employment Initiative Program leverages the network of 4,900 volunteers who are affiliated with ESGR. These volunteers also provide resume-building workshops, mock interviews, and career counseling. DOD also recently testified that it is leading, per a White House directive, a new Credentialing and Licensing Task Force to address gaps between military occupational specialties and civilian licensing requirements.

DOD reported that this additional employment assistance is needed to support Guard and Reserve members who may not meet veteran status requirements necessary for participating in Labor or VA programs. Most

⁴³ For the purposes of this report, the term “employment assistance” does not include activities related to USERRA. See 38 U.S.C. ch. 43. Labor and DOD do have an agreement regarding coordination of USERRA responsibilities. As of September 2012, DOD, Labor, VA, and other TAP partner agencies are also collaborating on a national agreement for the newly redesigned TAP.

of the ESGR representatives we spoke with also anticipated the program would continue to provide employment-related services.⁴⁴

Although DOD has established these employment assistance services, no agreement or formal mechanism has been established for coordinating them with Labor's and VA's veterans' employment efforts.⁴⁵ Specifically, there is no interagency agreement for coordinating employment services beyond DOD's and Labor's work on the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and TAP.⁴⁶ Although DOD and VA have an agreement, it focuses on connecting service members who are leaving the military for civilian life with vocational rehabilitation services. Further, ESGR has no formal mechanism for identifying and referring eligible veterans to the Disabled Veterans' Outreach and Employment Representative programs. We have previously reported that agencies with common goals and programs can enhance and sustain collaboration by creating mutually agreed-upon strategies to help align agencies' activities and leverage resources to meet their common goals.⁴⁷

⁴⁴ DOD reports that while the majority of Guard and Reserve members do not meet Labor's requirement of at least 180 days of active duty service necessary to be eligible for Labor's VETS Program, approximately 22 percent (284,916 out of 1,311,443) have met this Labor requirement as of May 2012. For the VA Vocational Rehabilitation Program, veterans must have a discharge other than dishonorable and a service-connected disability rating of at least 10 percent to be eligible for the program. DOD reports that in fiscal year 2011 there were 3,358 Navy Reservists; 7,749 Marine Corps Reservists; 565 Air Force Guard members; 3,021 Air Force Reservists; and 190 Coast Guard Reservists that met these discharge and disability requirements after they had transitioned out of the military. DOD reported that the Army Guard and Army Reserve did not have data available to identify the number of "dishonorable" discharges in fiscal year 2011; therefore, we could not determine how many individuals from these groups may be eligible for the Vocational Rehabilitation Program.

⁴⁵ According to DOD officials, there is a White House-led taskforce of various federal agencies who have drafted a Veterans Employment Initiative Taskforce Implementation Plan, which is in the process of being reviewed and edited, and will be submitted through a formal clearance process to the White House. However, DOD told us the report is not available for public release.

⁴⁶ As noted above, DOD, Labor, VA, and other TAP partner agencies are also updating the national TAP agreement, which may include an additional information-sharing agreement.

⁴⁷ [GAO-06-15](#).

Currently, ESGR in the states we reviewed reported informal coordination—such as meetings and co-participation in job fairs—with Labor-funded programs. For example, a DOD official noted that the Washington ESGR used a grant to hire 13 employment transition counselors in areas that needed service not provided by the state workforce agencies. According to this official, this ultimately increased impact while saving funds.

However, this informal coordination may be affecting Labor resources and confusing employers. According to Labor officials, Disabled Veterans' Outreach Program staff participation at DOD job fairs reduces the amount of time available for their primary duties, such as providing intensive services to program participants. A variety of officials from the states we reviewed also said that some employers were confused regarding which agency was leading the initiatives to employ veterans.

While Most Programs' Outcomes Are Below Pre-Recession Levels, Labor Has Not Reported the Extent to Which Programs Are Achieving Their Performance Goals

Most Programs' Outcomes Are Below Pre-Recession Levels, and Outcomes for Veterans Are Lower Than They Are for the General Population

Employment outcomes for veterans' programs have generally not regained levels attained prior to the recent recession.⁴⁸ (See appendix II for performance outcomes for each veterans' program as well as veteran participants served by WIA Adult and ES programs over a 5-year period.) From program years 2007 to 2009—which spanned July 2007 to June 2010—most Labor veterans' programs that have outcome measures⁴⁹ saw a decline in their entered employment rate and a slight decline in their 6-month job retention rates. In program year 2010,⁵⁰ all programs except VWIP had lower entered employment and employment retention rates than in program year 2006, prior to the recession. The number of

⁴⁸ We began our analysis with program year 2006 to obtain information on program performance before the economic recession but after Labor had implemented its current system of common measures, which began in 2005. According to the Business Cycle Dating Committee of the National Bureau of Economic Research, the recession began in December 2007 and ended in June 2009.

⁴⁹ Labor collects outcome measures for the Disabled Veterans' Outreach, Employment Representative, Homeless Veterans' Reintegration, and VWIP programs. Labor does not track performance of TAP for separating service members using its common measures; it only tracks the number of participants and TAP workshops delivered each fiscal year. As a result of the VOW to Hire Heroes Act of 2011, Labor plans to track TAP participants through its labor exchange reporting system. As part of the process, veterans must identify themselves as having attended TAP. Labor will then be able to report outcomes on the common measures for veterans who attended TAP. Labor officials stated that ideally veterans would be tracked from the point of TAP attendance onward, but there are challenges due to the time lag between TAP attendance and when a veteran may begin searching for employment, as well as the lack of information about where TAP attendees settle and seek employment.

⁵⁰ Program year 2010 covers July 2010 to June 2011. These are the most current data available.

VA Vocational Rehabilitation Program participants who were rehabilitated to employment has also declined from 9,225 participants in fiscal year 2006, to 7,975 participants in fiscal year 2011.

Officials at both VA and Labor attributed the declines to various causes. For example, VA officials attribute some of the decline in the number of participants rehabilitated to the establishment of the Post-9/11 GI Bill Program.⁵¹ The Post-9/11 GI Bill Program is an education benefit administered by VA for individuals who served on active duty after September 10, 2001. According to VA officials, VA's Vocational Rehabilitation Program lost some participants who had begun rehabilitation efforts but switched to the Post-9/11 GI Bill Program.⁵² They switched, according to VA officials, because the GI Bill Program provided a more generous living stipend than the Vocational Rehabilitation Program. At the same time, Labor officials identified national economic conditions as the primary reason for the drop in performance of its programs.⁵³

In addition to the decline in outcomes for veterans' programs, veterans participating in broader workforce programs also achieved somewhat lesser outcomes than those in the general population. (See app. II, figs. 7 and 8.) From program years 2007 to 2009, the WIA Adult and ES

⁵¹ See Pub. L. No. 110-252, tit. V, 122 Stat. 2323, 2357.

⁵² Veterans leaving the Vocational Rehabilitation Program reduced the universe of program participants who could be rehabilitated to employment.

⁵³ Other factors might also explain the drop in performance. We have previously reported that Iraq and Afghanistan veterans have a relatively higher incidence of adjustment disorders, including post-traumatic stress disorder (PTSD), than veterans of other wars. See GAO, *VA Mental Health: Number of Veterans Receiving Care, Barriers Faced, and Efforts to Increase Access*, [GAO-12-12](#) (Washington, D.C.: Oct. 14, 2011). Veterans' future job prospects may be negatively affected if they develop PTSD. In fact, research has shown that PTSD may affect service members' return to employment, as well as their future job prospects. For example, a Labor study of five states showed that veterans suffering from PTSD or head trauma may need additional time before they are ready to re-enter the workforce. The study also identified other veteran characteristics that could affect employment outcomes, such as drug or alcohol addiction or mental illness, as well as changes in careers requiring training, licensure, or certification. Other changes in veteran characteristics—such as the education level of program participants—could also affect their employment outcomes. See SRA International, *An Assessment of the Influence of the Jobs for Veterans Act and the Workforce Investment Act on the Employment Outcomes of Veterans*, prepared at the request of the Department of Labor, July 2007.

programs saw declines in measures for the percentage of participants who entered employment and the percentage who retained their employment for 6 months. These measures have generally rebounded slightly in 2010, although they have generally not regained levels attained prior to the recent recession. Since 2006, veterans have had slightly lower entered employment outcomes than those for all participants using the ES Program.⁵⁴ In the WIA Adult Program, veterans' employment and retention outcomes have been slightly lower than outcomes for all participants since 2009. Further, between 2006 and 2010, employment and retention outcomes were similar but slightly lower for veterans who worked with Disabled Veterans' Outreach and Employment Representative program staff, in comparison with outcomes for veterans in the WIA Adult Program.

According to Labor officials, some of these differences in outcomes may be explained by differences in characteristics of the populations served. They noted that veteran participants in the WIA Adult Program are more likely to be over the age of 55 than nonveteran participants, and historically, older workers have achieved lower outcomes in both the WIA Adult and ES programs. In addition, Labor officials stated that because the Disabled Veterans' Outreach and Employment Representative programs serve veterans who face barriers to employment, their outcomes are likely to be lower than outcomes for veterans who are job-ready and nonveterans served by the WIA Adult or ES programs.

Labor Has Not Consistently Reported the Extent to Which Veterans' Programs Are Meeting Performance Goals

While Labor reports some data on veterans' program outcomes, it does not report the extent to which each of these programs is achieving its established performance goals. Labor provides Congress an annual veterans' program report that provides certain performance information, such as the number of disabled and recently separated veterans who received intensive services. For this annual report, however, Labor is not required to report program outcomes in relation to performance goals. Labor sets annual performance goals for its veterans' programs, but it is not reporting the results relative to those goals. In previous fiscal years, Labor included some of this information for the Disabled Veterans'

⁵⁴ Labor informally compares Disabled Veterans' Outreach and Employment Representative Program outcomes to those of the ES Program, rather than to the WIA Adult Program. Officials told us that this is an appropriate comparison because unlike the others, the WIA Adult Program provides funding for obtaining credentials.

Outreach Program, Employment Representative Program, Homeless Veterans' Reintegration Program, and VWIP in its agencywide performance report. However, in fiscal year 2011, it only reported aggregate goals for three programs, rather than the separate outcomes and goals it maintains for each of these veterans' programs.⁵⁵ In contrast, Labor's website on general employment programs—WIA Adult and ES—includes both performance goals and outcomes. This information includes a national average for each measure comparing goals against performance, as well as each state's negotiated goals and performance against those goals.⁵⁶ Further, VA reports both an employment outcome and associated goal for the Vocational Rehabilitation Program.⁵⁷ We have previously reported that relevant performance information should be reported both internally and externally in order to maintain accountability and transparency for achieving results.⁵⁸ Without information on how the outcomes for each veterans' program compare against their annual performance goals, Congress and other key stakeholders lack essential information needed to assess the performance of the program.

Labor and VA Are Working to Collect Data for New Performance Measures

Labor is working to implement new performance measures which have been mandated by the VOW to Hire Heroes Act of 2011 (VOW Act).⁵⁹ Specifically, the act requires Labor to measure participants' median earnings 90 and 180 days after a participant stops using a veterans' program. Prior to the VOW Act, Labor only measured participants'

⁵⁵ Labor officials told us that ES, Disabled Veterans' Outreach, and Employment Representative programs' performance targets may change during the program year. They stated that since the targets are projections and are subject to economic conditions, they may be adjusted as performance outcomes are analyzed each quarter. However, Labor's reports have not always indicated the targets were changed partway through the program year.

⁵⁶ Labor sets national goals for veterans programs, but each state negotiates its own performance goals with the agency. For example, Labor negotiates with each state to establish a goal for the percentage of veterans obtaining employment after assistance from veterans program staff (the weighted entered employment rate).

⁵⁷ In fiscal year 2010, VA began reporting the employment rehabilitation rate for the Vocational Rehabilitation Program, and in fiscal year 2011 the agency also reported a goal for this measure.

⁵⁸ GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

⁵⁹ Pub. L. No. 112-56, § 238, 125 Stat. 711, 726.

average earnings over 6 months after participants stop using a veterans' program, for those who retained employment.⁶⁰ The VOW Act also requires Labor to track the percentage of participants obtaining a certificate, degree, diploma, licensure, or industry-recognized credential after participating in its veterans' programs.

VA also plans to collect additional information about its programs' outcomes. VA officials said that they decided to track the number, in addition to the rate, of veterans rehabilitated to employment, because the employment rehabilitation rate can fluctuate based on a number of factors.⁶¹ VA has set a national goal to rehabilitate 9,000 veterans to employment in fiscal year 2012.⁶² VA officials said that this is the first fiscal year this goal has been used. Consequently, VA has not yet reported its performance against this goal.

In addition, the Vocational Rehabilitation Program has established a working group to develop new national performance measures. According to VA officials, the new measures will focus on the middle of the rehabilitation process, because a veteran can be in the program from 1 to 6 years, with an average of 4 years. The measures that already exist focus on the front-end (e.g., timeliness of services) and back-end (e.g., outcomes). Although the new measures have not been finalized, VA plans to implement them in fiscal year 2014, contingent on resources to make changes to the program's database structure to capture data and report on new measures.

Agencies Have Not Conducted Research That Links Veterans' Outcomes to the Programs That Serve Them

Labor has not conducted impact evaluations that would allow it to assess veterans' employment programs' effectiveness, but has conducted research on program outcomes. An impact evaluation attempts to assess a program's effectiveness by isolating the effect of the program from other factors. While many researchers consider impact evaluations to be the best method for determining the extent to which a program is causing

⁶⁰ As a statistic, the median is less sensitive than the mean to individual earnings that are extreme in relation to most others.

⁶¹ For example, the rehabilitation rate can be negatively affected by veterans who choose to stop participating before completing a rehabilitation plan.

⁶² Each VA regional office is responsible for achieving a portion of this target, and each vocational rehabilitation counselor has a target as well.

participant outcomes, these studies can be difficult and potentially expensive to conduct. Impact evaluations can be designed in several ways, but fall into two basic design categories: experimental, using random assignment,⁶³ and quasiexperimental. Quasiexperimental designs use a comparison group that is not created with random assignment. While Labor has not conducted impact evaluations, it has conducted research that examines veterans' outcomes in relation to their characteristics and has other studies planned or under way (see table 2). These studies, though, have limitations. For example, Labor's 2007 study of veterans' outcomes covered five states, and its findings cannot be generalized to all states. In addition, in the study conducted on the Homeless Veterans' Reintegration Program, researchers lacked access to participant-level data and consequently could not determine whether certain veterans' characteristics were associated with positive or negative employment outcomes for the program as a whole.⁶⁴ Labor is funding an evaluation of the pilot of the redesigned TAP, but has not conducted any studies or evaluations of VWIP in the last 10 years.⁶⁵

⁶³ There is ongoing debate about the role of randomized experimental methods in public policy evaluation. For example, while some researchers argue that randomized experiments are the most appropriate to use as a basis for making major resource allocation decisions, others believe that this method is not always appropriate, in part because of frequent policy and leadership changes to programs that can affect the nature of the experiment.

⁶⁴ The evaluators recommended that Labor consider conducting a comprehensive study of participant characteristics and outcomes, using a combination of data maintained on participants and a direct survey of Homeless Veterans' Reintegration Program current and past participants.

⁶⁵ In its fiscal year 2013 budget justification, Labor stated that it seeks to defund VWIP, due to the small size of the program and the increasingly high cost per placement into employment for program participants. For program year 2010, Labor reported that VWIP had a cost per placement of \$4,700. For comparison, Labor cited a cost per placement of \$2,848 for the Homeless Veterans' Reintegration Program.

Table 2: Studies Labor Conducted Related to Veterans' Employment

Name	Programs reviewed	Purpose	Methodology	Status	Key findings
An Assessment of the Influence of the Jobs for Veterans Act and the Workforce Investment Act on the Employment Outcomes of Veterans (Phase I)	Disabled Veterans' Outreach Program Employment Representative Program ES Program WIA Adult Program	To associate the characteristics of veterans with either positive or negative employment outcomes	Site visits and interviews with Labor and state workforce agency staff in five states	Completed July 2007	Characteristics, such as drug and alcohol addiction and mental illness contribute to unsuccessful employment outcomes. Unsuccessful veteran job seekers could benefit from additional supportive services such as transportation and housing
An Assessment of Veteran Employment Outcomes (Phase II)	Disabled Veterans' Outreach Program Employment Representative Program ES Program WIA Adult Program	To assess veterans' employment outcomes	Survey of veterans with unsuccessful employment outcomes	Canceled	n/a
Homeless Veterans' Reintegration Program Effectiveness Study	Homeless Veterans' Reintegration Program	To assess how well program is achieving its mission and meeting goals, and to provide data to inform future programmatic decisions	Interview with Homeless Veterans' Reintegration Program grantee staff; analysis of grantee data	Completed December 2009	Most common characteristics of program participants with positive employment outcomes include motivation; having a history of success such as relevant skills or experience; and having a support system.
Veterans Supplemental Study	Disabled Veterans' Outreach Program Employment Representative Program ES Program WIA Adult Program	To examine (1) how the workforce system provides services to veterans and (2) characteristics of veterans served, the services they receive, and their outcomes	Interviews with state workforce agency staff; analysis of workforce program data on veteran characteristics and common measure outcomes	Starting November 2012; estimated completion in 2014	n/a
	Transition Assistance Program	To evaluate pilot of revised Labor Employment Workshop curriculum	Site visits to military bases; survey of workshop participants and facilitators	Estimated completion in 2013	n/a

Source: GAO analysis of Labor documents.

While Labor has not conducted impact evaluations of its veterans' employment and training programs, it is funding an impact evaluation of the WIA Adult and Dislocated Worker programs, which is planned to be completed in 2015. This study will include a supplemental study of veterans using the public workforce system, but this portion of the study, as described in the draft research plan for the study, is not an impact evaluation and cannot determine the extent to which veterans' outcomes are due to the services they receive in the public workforce system.

Similar to Labor, VA has not conducted evaluations that allow it to determine if veterans' employment outcomes result from program services or if they are the result of other factors. As shown in table 3, VA has funded research that examines data related to the completion of veterans' rehabilitation plans and participant outcomes.⁶⁶ For example, VA is funding a longitudinal study of Vocational Rehabilitation Program participants and has issued two reports on the study.⁶⁷ The most recent report begins to analyze VA administrative data to determine characteristics associated with completing rehabilitation or discontinuing the program within the first 2 years. However, the report states that its findings thus far are only descriptive and may have little or no predictive value. VA plans further study of emerging trends. VA also plans additional follow-up of program participants in its case management process. Specifically, the agency plans to send a questionnaire to collect information on whether former participants are employed and whether they need additional services.

⁶⁶ U.S. Department of Veterans Affairs, *Vocational Rehabilitation and Employment Program, Measures to Assist and Encourage Veterans in Completing Vocational Rehabilitation* (Washington, D.C.: April 2010).

⁶⁷ U.S. Department of Veterans Affairs, *Vocational Rehabilitation and Employment Program, Report to Congress: Vocational Rehabilitation and Employment Longitudinal Study* (Washington, D.C.: July 2011); and U.S. Department of Veterans Affairs, *Vocational Rehabilitation and Employment Program, Report to Congress: Vocational Rehabilitation and Employment Longitudinal Study* (Washington, D.C.: July 2012).

Table 3: Studies VA Conducted Related to Veterans' Employment

Name	Programs reviewed	Purpose	Methodology	Status	Key findings
Measures to Assist and Encourage Veterans in Completing Vocational Rehabilitation	Vocational Rehabilitation Program	To determine factors that may prevent or preclude veterans from completing their vocational rehabilitation plans, and identify actions to be taken to help veterans overcome these identified factors	Literature review and interviews with stakeholders knowledgeable about vocational rehabilitation for veterans	Completed 2010	Identified factors that influence plan persistence and outcomes, such as greater satisfaction with the program, a strong working relationship with the veteran's primary counselor and integration of vocational and medical services were associated with higher rates of program completion.
Vocational Rehabilitation and Employment Longitudinal Study	Vocational Rehabilitation Program	To assess long-term employment and other outcomes of program participation	Analysis of administrative data on individuals who began participating in the Vocational Rehabilitation Program in fiscal years 2010, 2012, and 2014	Ongoing Reports generally required each fiscal year; reports issued for fiscal years 2010 and 2011.	Characteristics associated with successful rehabilitation include being over the age of 60, having a primary (service-connected) mental health diagnosis, and having a combined disability rating of 70 percent or higher. Characteristics associated with discontinuing the program within the first 2 years include having a serious employment handicap, having served in the Vietnam War era, and being of a junior rank.

Source: GAO analysis of VA documents.

Conclusions

Given that the number of service members transitioning to civilian employment is expected to increase and the number of veterans with service-connected disabilities is on the rise, Labor's Disabled Veterans' Outreach Program is likely to see an increased demand for its services. Labor attempts to maximize the employment services for those veterans who need them most. However, we found that there is a need for clearer guidance to states on how to prioritize services and additional monitoring of their implementation of such guidance. Labor said it is developing such guidance but has not completed it, and has tested new monitoring protocols in six states but has not finalized them. It is encouraging that Labor has these efforts under way, and it will be important for the department to complete both efforts.

Labor and VA both provide employment and training programs targeted to veterans. Although Labor and VA have a handbook governing their coordination with respect to employment and training for veterans, it has

not been updated since 2008. Our work identified sections of the handbook that provided insufficient guidance, resulting in situations where the practices of one department presented difficulties for the other in meeting desired program outcomes. At the same time, DOD has begun expanding employment assistance initiatives to segments of the veteran population, such as National Guard and Reserve members, some of whom may also meet Labor and VA veterans' programs eligibility requirements. However, Labor and VA's agreement does not govern their coordination with DOD's programs. Without an agreement that includes all three departments, efforts to help veterans find employment are at greater risk of being fragmented or overlapping, and may not leverage federal resources.

Finally, the federal investment in veterans' employment and training programs warrants greater transparency with regard to the extent to which these programs are meeting their performance goals and whether outcomes are attributable to program participation and not other factors. Labor reports substantial information on outcomes for these programs. However, Labor is not consistently reporting the extent to which outcomes for each of its veterans' programs are achieving the specific performance goals that were established for these programs. This stands in contrast to the level of performance reporting by Labor for its WIA Adult and ES programs, which identifies the extent to which outcomes in these programs are achieving performance goals. In addition, while the federal government makes a substantial investment in Labor and VA programs to achieve employment outcomes for veterans, neither agency has conducted studies to see if these outcomes can be attributed to the programs' services, instead of other factors. As a result, Congress and other stakeholders lack essential information to assess how well these programs are performing and hold federal agencies accountable for achieving results.

Recommendations for Executive Action

We are making the following four recommendations based on our review:

- To increase the effectiveness of coordination efforts, the Secretaries of Labor and VA should incorporate additional guidance to address the two problem areas we identified into any update to the interagency handbook that governs their coordination for veterans' employment and training programs.
- To ensure government resources are used efficiently, the Secretaries of Labor, VA, and DOD should incorporate DOD's employment

assistance initiatives into the agreements that guide interagency coordination.

- To enhance transparency and accountability for achieving results, the Secretary of Labor should consistently report both performance goals and associated performance outcomes for each of its veterans' employment and training programs.
- To assess veterans' employment programs' effectiveness, Secretaries of Labor and VA should, to the extent possible, determine the extent to which veterans' employment outcomes result from program participation or are the result of other factors.

Agency Comments

We provided a draft of this report to the Department of Labor, the Department of Veterans Affairs, and the Department of Defense for review and comment. Written comments from Labor, VA, and DOD appear in appendixes III, IV, and V, respectively. In addition to the comments discussed below, Labor, VA, and DOD provided technical comments that we incorporated where appropriate.

All three agencies generally concurred with our recommendations. Both Labor and VA said they would work to enhance coordination with each other with respect to the guidance in their interagency handbook. All three agencies said they would work to ensure interagency coordination included DOD. In response to our recommendation on reporting program performance, Labor said it will explore ways to increase consistency and transparency of the information it reports. In response to our recommendation to Labor and VA regarding assessing program effectiveness, VA concurred and Labor did not specify whether or not it agreed. Labor said that it is committed to robust program evaluation and that each agency, including VETS, develops an annual evaluation agenda and sets priorities. Labor said it has a multi-component agenda for evaluating services to veterans and cited some current studies, such as a study of the TAP program and a statistical analysis of services received by veterans and their outcomes using the public workforce system. We think obtaining information about the effectiveness of veterans' programs is important because such information can assist Congress in assessing program results and identifying areas where adjustments may be needed. As Labor and VA conduct research on program outcomes, it will be important for them to consider approaches that would enable them to separate the impact of their programs from other factors that might influence participants' outcomes.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to appropriate congressional committees, the Secretary of Labor, the Secretary of Veterans Affairs, the Secretary of Defense, and other interested parties. In addition, this report will be available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or sherrilla@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.



Andrew Sherrill
Director
Education, Workforce, and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

In a January 2011 report,¹ we identified six employment and training programs administered by the Department of Labor (Labor) and the Department of Veterans Affairs (VA) targeted toward veterans as a part of a larger review of all federal employment and training programs. We defined an employment and training program as one specifically designed to enhance the specific job skills of individuals in order to increase their employability, identify job opportunities, or help job seekers obtain employment. Labor oversees five of these programs for veterans: (1) the Disabled Veterans' Outreach Program, (2) the Homeless Veterans' Reintegration Program, (3) the Local Veterans' Employment Representative Program (Employment Representative Program), (4) the Transition Assistance Program (TAP), and (5) the Veterans' Workforce Investment Program (VWIP). VA oversees the sixth program called the Vocational Rehabilitation & Employment Program (Vocational Rehabilitation Program).² Our 2011 report identified services, eligibility requirements, and outcome measures that these programs had in common.

For this report, we focused on the six programs identified in our January 2011 report in more detail and examined (1) the extent to which federal veterans' employment and training programs vary in terms of the services they deliver and the veterans who receive them; (2) the extent to which federal agencies coordinate these programs; and (3) what is known about the performance of these programs.

Our approach overall involved reviewing relevant literature, relevant federal laws and regulations, and analyzing Labor and VA data on veteran participants, services provided, and performance. We also interviewed federal Labor, VA, and Department of Defense (DOD) agency

¹ GAO, *Multiple Employment and Training Programs: Providing Information on Colocating Services and Consolidating Administrative Structures Could Promote Efficiencies*, [GAO-11-92](#) (Washington, D.C.: Jan. 13, 2011).

² In November 2011, Congress enacted the VOW to Hire Heroes Act of 2011, which established a new employment and training program for certain unemployed veterans, referred to as the Veterans Retraining Assistance Program. Pub. L. No. 112-56, Title II, 125 Stat. 711, 712. This program provides training for certain unemployed veterans between the age of 35 and 60 years old leading to an associate's degree or similar certificate from a community college or technical school in a high-demand occupation. VA administers this program. We did not include this program in our review because it was under development.

officials who govern agency policy at the national level and key stakeholder associations.

To determine the extent to which these programs vary in terms of the services they deliver and the veterans receive them, we analyzed Labor and VA data on services provided and veteran participants, agency annual reports, budget justifications, and other agency policy documents. To assess the reliability of Labor's data on services to veterans in one-stops, we reviewed available information about the data and conducted interviews with officials knowledgeable about the data. We determined that these data were sufficiently reliable for our purposes. We reviewed relevant federal laws and regulations to determine program eligibility requirements. We interviewed agency officials, veterans' service organizations, and workforce associations to better understand why programs may serve similar populations with similar services. We reviewed state plans and interviewed state-level Labor, VA, and DOD staff for our case study states.

In addition, we conducted six case studies at the state level. In each state, we reviewed state plans and interviewed Labor and VA officials assigned to the state or the region. We also interviewed the Employer Support of the Guard and Reserve (ESGR) chairperson operating in the state. These are federal representatives of DOD, but not federal employees, as they are volunteers. In addition, we interviewed the directors of state workforce agencies, which carry out veterans' employment and training programs using federal funds. Finally, within three states, we interviewed the Director of Veterans Affairs in each state, a state government official responsible for veterans' programs and services. To select states, for all 50 states, we determined whether each was high, medium, or low on the following characteristics: the percentage of veteran population, amount of program expenditures, program performance (veterans' entered employment rate), and veterans' unemployment rate. We selected one state from each of Labor's six regions to achieve variation on the above characteristics, as well as diversity in terms of geography and state size. These states were Florida, Massachusetts, Ohio, Oregon, Texas, and Virginia.

To determine the extent to which federal agencies coordinate these programs, we reviewed key agency agreements and guidance, and used the same six case studies at the state level, and interviewed federal and state agency officials and associations representing the interests of veterans. In examining coordination we included not only the five programs indicated above but also three Labor programs available to the

general population: the Workforce Investment Act (WIA) Adult and Dislocated Worker and the Employment Service (ES) programs.³ We also included programs recently begun by DOD: the Yellow Ribbon and ESGR programs.⁴ We reviewed memoranda of understanding, agency guidance, and other policy documents related to collaborative efforts among federal agencies. We also interviewed National Veterans' Training Institute⁵ officials to discuss the extent to which required training for outreach specialists and employment representatives includes instruction on how to foster inter- and intra-agency coordination. In our case studies in six states, we interviewed state-level officials from the Veterans' Employment and Training Services, as well as VA officials. We also interviewed ESGR officials and Directors of State Offices of Veterans Affairs.⁶ To understand stakeholders' views on coordination, we interviewed officials from workforce associations and veterans' service organizations. We also used data from the Defense Manpower Data Center to determine the number of Guard and Reserve members that may meet the eligibility requirements for Labor veterans' programs and VA's Vocational Rehabilitation Program. We assessed the reliability of information on Guard and Reserve members' length of service and disability status, and determined that these data were sufficiently reliable for the purposes of this report.

To determine what is known about program performance, we analyzed relevant federal laws and regulations, and agency documents, and interviewed agency officials and stakeholders. We reviewed agency reports on veterans' programs containing information on program

³ Apart from the five Labor employment and training programs that target veterans, these three programs account for 98 percent of the veterans who participated in other Labor programs.

⁴ These DOD programs were not included our January 2011 review. We decided to include nationally coordinated DOD programs focused on serving Guard and Reserve members who may qualify as veterans for certain Labor and VA programs.

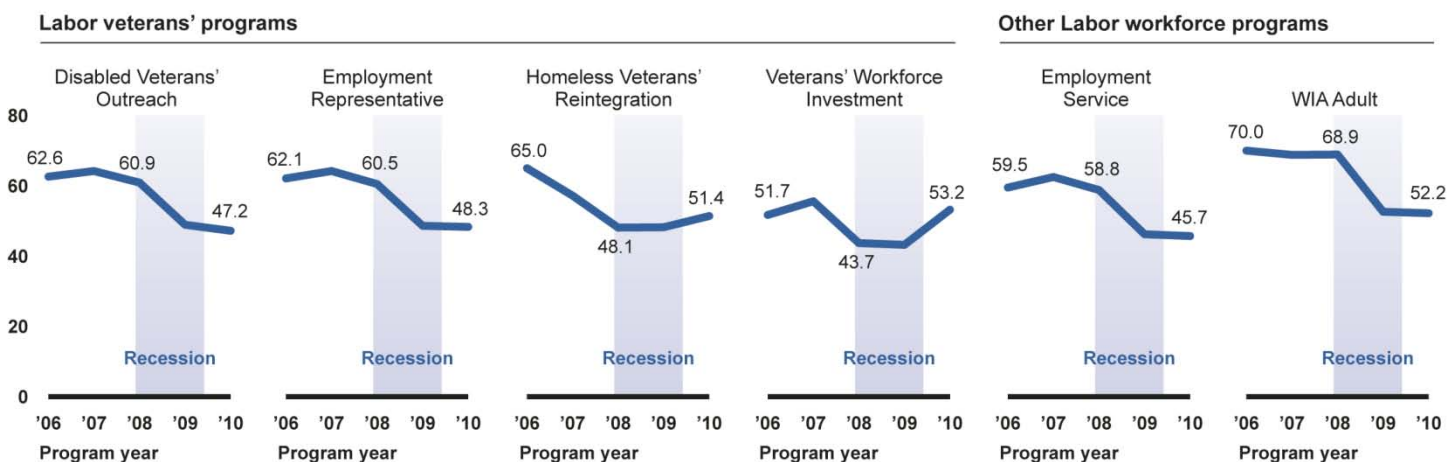
⁵ The National Veterans' Training Institute was established to further develop and enhance the professional skills of veterans' employment and training service providers throughout the United States. The program is funded by the Department of Labor's Veterans' Employment and Training Service, and is administered by the University of Colorado Denver with training conducted in Denver and other sites in the United States and abroad.

⁶ Three of the six State Directors of Veterans Affairs that we contacted did not respond to our request.

outcomes and agency goals established for these programs, such as Labor's annual report to Congress on veterans' programs and agencywide performance reports. We assessed Labor and VA data on participant employment outcomes by reviewing available information about the data and conducting interviews with officials knowledgeable about the data. We determined that these data were sufficiently reliable for our purposes. We reviewed the design and methodology of relevant agency-sponsored program evaluations using GAO criteria on program evaluation design. We also interviewed Labor and VA national and regional officials.

Appendix II: Summary of Veterans' Program Performance

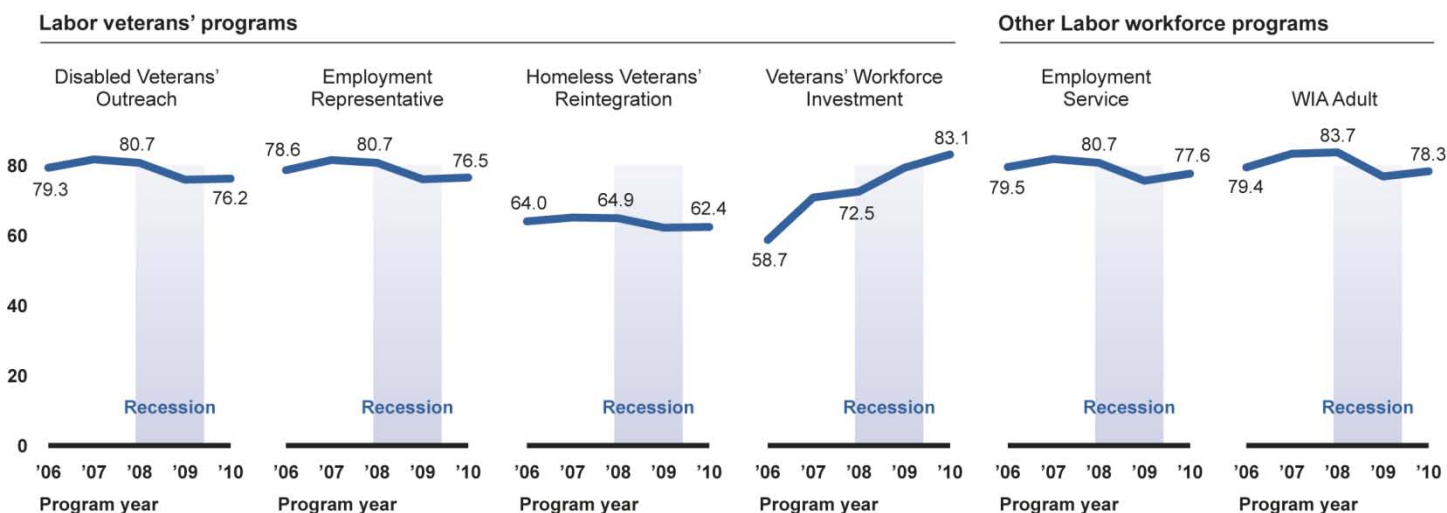
Figure 4: Veterans' Entered Employment Rate, by Program, Program Years 2006-2010



Source: GAO analysis of Labor data.

Note: Information for WIA Adult and Employment Service programs represents outcomes specifically for veterans using these programs.

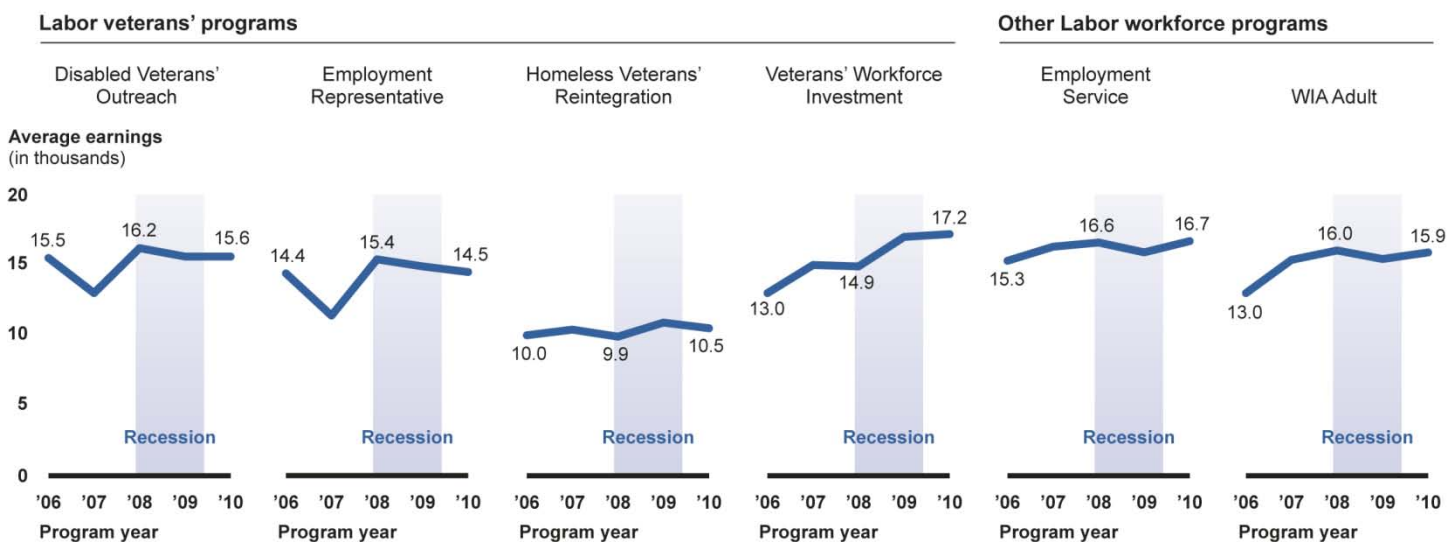
Figure 5: Veterans' Employment Retention Rate, by Program, Program Years 2006-2010



Source: GAO analysis of Labor data.

Note: Information for WIA Adult and Employment Service programs represents outcomes specifically for veterans using these programs.

Figure 6: Veterans' Average Earnings, by Program, Program Years 2006-2010

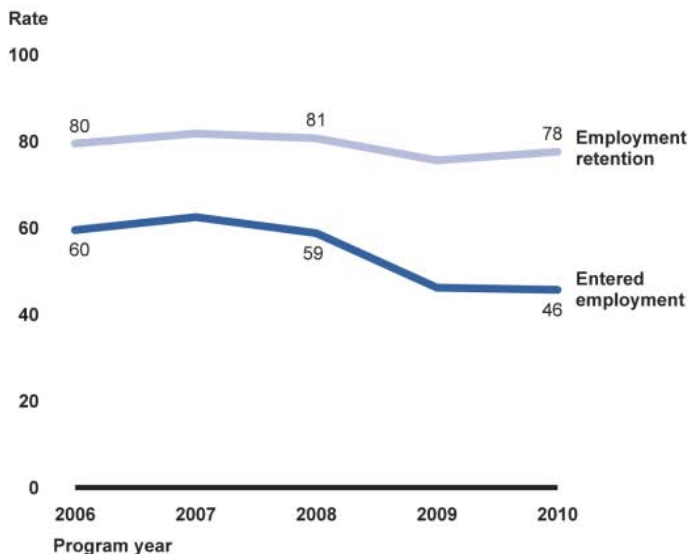


Source: GAO analysis of Labor data.

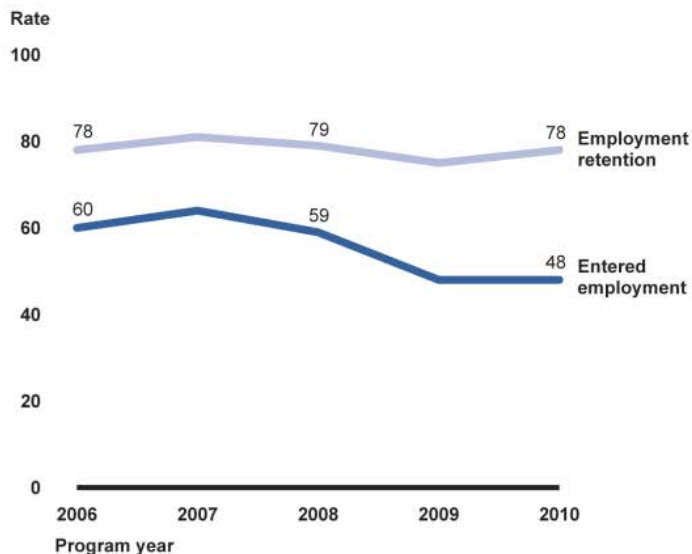
Note: Information for WIA Adult and Employment Service programs represents outcomes specifically for veterans using these programs.

Figure 7: Employment Service Participants' Entered Employment Rate, Employment Retention Rate, and Average Earnings, Program Years 2006-2010

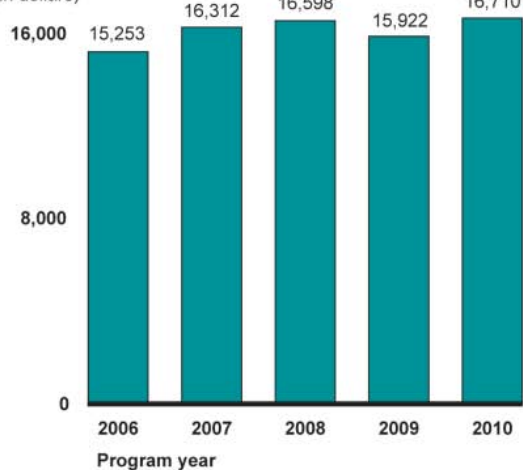
Veteran participants



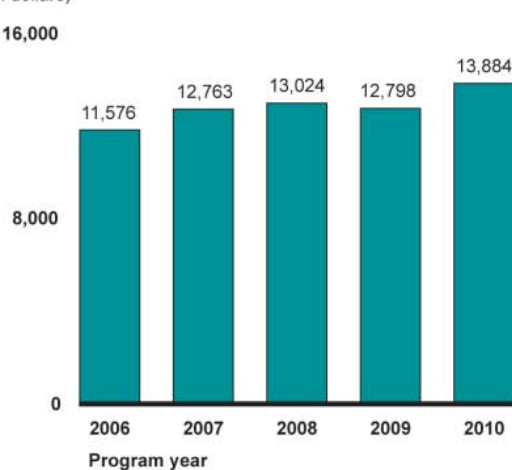
All participants



Average earnings (in dollars)



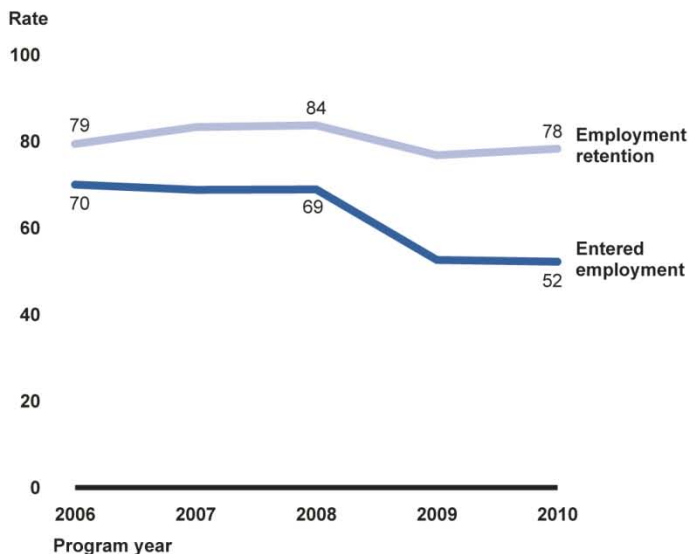
Average earnings (in dollars)



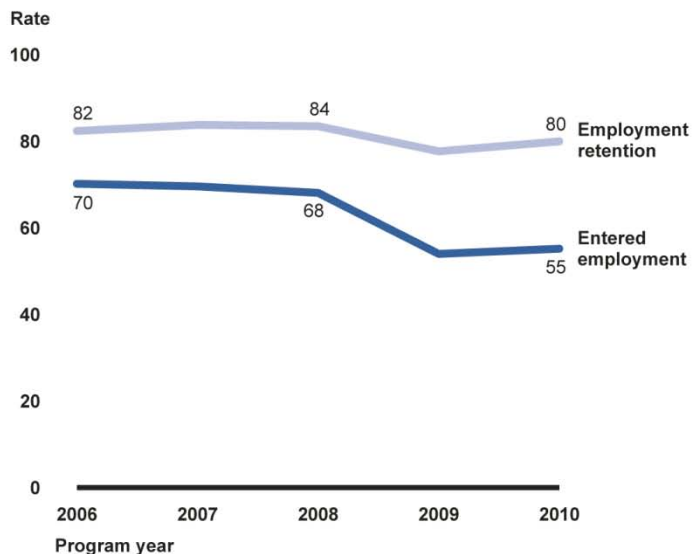
Source: GAO analysis of Labor data.

Figure 8: WIA Adult Program Participants' Entered Employment Rate, Employment Retention Rate, and Average Earnings, Program Years 2006-2010

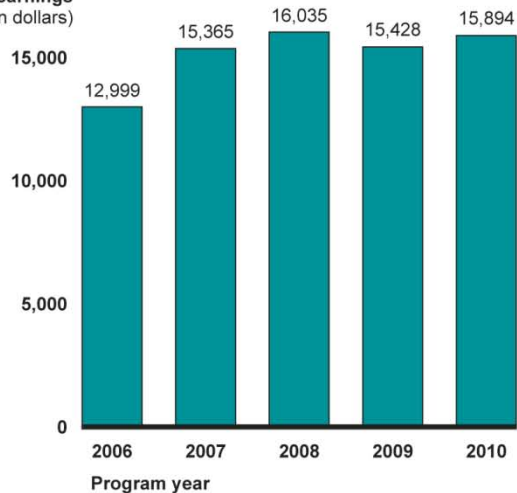
Veteran participants



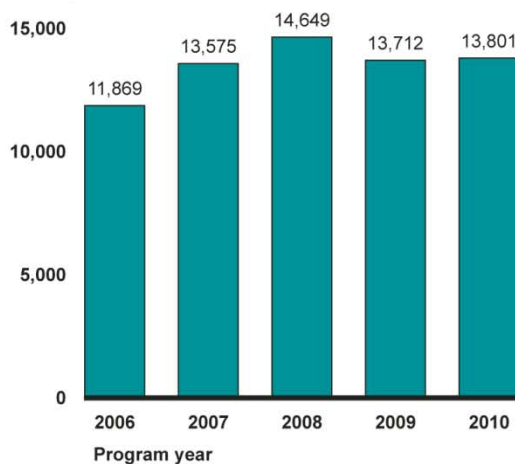
All participants



Average earnings (in dollars)

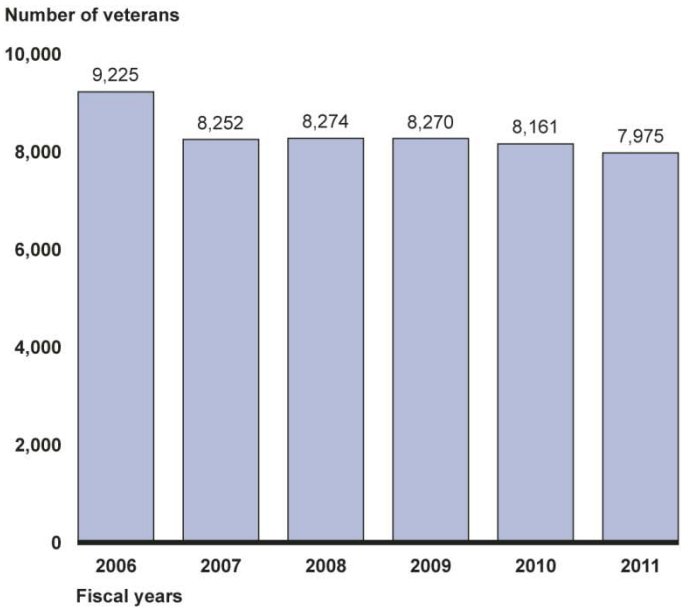


Average earnings (in dollars)



Source: GAO analysis of Labor data.

Figure 9: VA Vocational Rehabilitation Program Participants Rehabilitated to Employment, Fiscal Years 2006-2011



Source: GAO analysis of VA data.

Appendix III: Comments from the Department of Labor

U.S. Department of Labor

Veterans' Employment and Training Service
Washington, D.C. 20210



Andrew Sherrill, Director
Education, Workforce, and Income Security Issues
United States Government Accountability Office (GAO)
Washington, DC 20548

RE: GAO Draft Report: GAO-13-29

Dear Mr. Sherrill:

Thank you for the opportunity to review and comment on the Government Accountability Office (GAO) draft Report 13-29, *"Veterans' Employment and Training: Better Targeting, Coordinating, and Reporting Needed to Enhance Program Effectiveness."* While generally positive about the employment and training services targeted to veterans, the report notes that there needs to be better targeting, coordinating and reporting to enhance effectiveness. DOL is working to diligently to improve in these areas.

Our goal is to refocus Jobs For Veterans State Grants (JVSG) on the primary statutorily-defined roles of the Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representatives (LVER) positions by: 1. ensuring that DVOPs provide veterans who have significant barriers to employment with the array of intensive services they need to succeed; 2. focusing LVERs' time on cultivating relationships with employers in the community; and 3. ensuring that the rest of the staff at federally-funded American Job Centers across the country understand their responsibilities to veterans. We believe that our strategic refocusing efforts will result in more and better services to veterans in most need of assistance, and better position the public workforce system to meet the employment needs of both the current veteran population and the anticipated surge in service members transitioning from military service.

The GAO report includes four recommendations for DOL executive action. The first recommendation is that to increase effectiveness of coordination efforts in the Veterans' Rehabilitation and Employment program (VR&E) administered by the Department of Veterans' Affairs (VA), the Secretaries of Labor and the VA incorporate additional guidance to address problem areas identified in the report into any update to the interagency handbook that governs their coordination for veterans' employment and training programs. The two agencies currently collaborate so that DVOP specialists can assist program participants in finding suitable employment. DOL agrees with the GAO report's finding that the earlier that collaboration takes place the better, so that local labor market information can be provided by the DVOP and incorporated into participants' rehabilitation plans. This increases the likelihood that they can successfully be placed into suitable employment following participation. We agree with this recommendation, and will work with the VA to implement enhanced coordination.

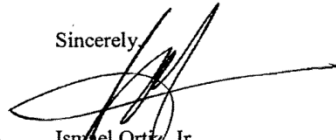
The second recommendation is that the Secretaries of Labor, VA and the Department of Defense (DoD) incorporate DoD's employment assistance initiatives into the agreements that guide interagency coordination. The DoD-VA Task Force is one element of the President's comprehensive plan to reduce Veteran unemployment. DOL is an active participant in the Task Force, which is committed to transforming the approach to education, training, and credentialing for Service members; bolstering and standardizing the counseling services that Service members receive prior to separation; and developing an end-of-career military-to-civilian transition event that provides an extended transition period, services to help direct separating Service members to jobs, and education and training programs that will leave them career-ready, and identify programs that are duplicative or not achieving intended outcomes. DOL will work within the Task Force to ensure that interagency coordination is appropriately addressed.

Another recommendation for executive action is that the Secretary of Labor consistently report both performance goals and associated performance outcomes for each of its veterans' employment and training programs. Although goals and outcomes are reported in the DOL Veterans' Employment and Training Service (VETS) Annual Report to Congress and in VETS' Congressional Budget Justification, DOL agrees that there is room for increased consistency and transparency. VETS is working with DOL's Chief Evaluation Officer in exploring ways to achieve those goals, either through currently required reports or other effective reporting mechanisms.

The final recommendation is that the Secretaries of Labor and the VA determine the extent to which veterans' employment outcomes result from program participation or are the result of other factors. DOL is committed to rigorous program evaluations. Each agency, including VETS, develops an annual Learning Agenda that identifies possible evaluations that could be conducted and sets evaluation priorities. DOL has a multi-component agenda for evaluating services to veterans. Current studies, for example, include an evaluability assessment to determine the most appropriate designs for more rigorously evaluating the DOL Employment Workshop provided through the Transition Assistance Program, statistical analysis of services to veterans and their employment outcomes using administrative data, and a non-experimental evaluation of services provided to veterans in American Job Centers.

The Department of Labor again appreciates the opportunity to provide its views on the subject draft GAO report, and looks forward to implementing GAO's recommendations in the manner detailed above.

Sincerely,



Ismael Ortiz, Jr.
Acting Assistant Secretary

Appendix IV: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
Washington DC 20420

November 27, 2012

Mr. Andrew Sherrill
Director, Education Workforce
and Income Security Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Sherrill:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, **"VETERANS' EMPLOYMENT AND TRAINING: Better Targeting, Coordinating, and Reporting Needed to Enhance Program Effectiveness"** (GAO-13-29). VA generally agrees with GAO's conclusions and concurs with GAO's recommendations to the Department.

The enclosure specifically addresses GAO's recommendations and VA appreciates the opportunity to comment on your draft report.

Sincerely,


John R. Gingrich
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***“VETERANS’ EMPLOYMENT AND TRAINING: Better Targeting, Coordinating,
and Reporting Needed to Enhance Program Effectiveness”***
(GAO-13-29)

Recommendation 1: To increase the effectiveness of coordination efforts, the Secretaries of Labor and VA should incorporate additional guidance to address the two problem areas we identified into any update to the interagency handbook that governs their coordination for veterans’ employment and training programs.

VA Response: Concur. Both VA and Department of Labor (DOL) support the referral process outlined in the inter-agency handbook (Technical Assistance Guide (TAG)). We have provided training on the TAG and made this handbook available to all VA/DOL staff. In addition, we have conducted focus groups and interviews of Vocational Rehabilitation and Employment (VR&E) and DOL staff at select offices. Both agencies strongly believe that labor market information should be provided to Veteran participants as part of the first step in career exploration, as well as throughout the rehabilitation process.

However, as GAO points out, while the TAG says agencies are to coordinate to achieve “suitable employment,” it does not explicitly say how DOL’s Disabled Veterans’ Outreach Program and VA staff should deal with situations where a Veteran’s financial need or preferences do not align with the goal of suitable employment. This situation presents a real challenge to both agencies. Neither VA nor DOL have the ability to stop Veterans from accepting unsuitable jobs. VR&E staff will continue to inform Veterans of the potential consequences of accepting employment deemed unsuitable. If the Veteran still chooses to pursue unsuitable employment, VA will continue to maintain contact, monitor his/her progress, and offer necessary services.

Furthermore, VR&E encourages Veterans to participate in volunteer and/or internship programs such as VA’s Non-Paid Work Experience (NPWE) program as a means to not only gain valuable work experience but also to better educate Veterans who are undergoing training on the type of occupations in demand in the job market.

The TAG is scheduled to be updated by the VA/DOL Joint Work Group in fiscal year (FY) 2013. We will ensure guidance focusing on providing local labor market information in the early planning stages and throughout the process is clearly articulated in the TAG update. Targeted Completion Date: September 30, 2013.

Recommendation 2: To ensure government resources are used efficiently, the Secretaries of Labor, VA and DOD should incorporate DOD’s employment assistance initiatives into the agreements that guide inter-agency coordination.

VA Response: Concur. VA and the Department of Defense (DoD) have agreements that serve the interests of Veterans as they transition from military service: the Transition Assistance Program (TAP) Memorandum of Understanding (MOU) for all

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***“VETERANS’ EMPLOYMENT AND TRAINING: Better Targeting, Coordinating,
and Reporting Needed to Enhance Program Effectiveness”***
(GAO-13-29)

Veterans and the Integrated Disability Evaluation System (IDES) MOU for severely ill and injured Servicemembers. VA agrees that with the expansion of the Yellow Ribbon Program, an inter-agency agreement to better coordinate the delivery of employment services beyond the Uniformed Services Employment and Reemployment Rights Act of 1994 and TAP would enhance overall value and create a win-win for Veterans seeking employment after service, particularly among transitioning National Guard and Reserve members. VR&E will discuss how best to incorporate DoD employment services with our DOL partners as part of the VA/DOL Joint Work Group during upcoming sessions. Targeted Completion Date: September 30, 2013.

Recommendation 4: To assess veterans’ employment programs’ effectiveness, Secretaries of Labor and VA should, to the extent possible, determine the extent to which veterans’ employment outcomes result from program participation or are the result of other factors.

VA Response: Concur. To effectively manage and administer the VR&E Program, VA engages in program studies on an ongoing basis. Currently, VR&E is conducting a longitudinal study of program participants. The longitudinal study project originated with the passage of Public Law 110-389, Section 334. The longitudinal effort will center on individuals who begin participation in the VR&E Program under Chapter 31, for FY 2010, 2012, and 2014. Each cohort will be followed for 20 years and a report to Congress will be submitted yearly, showing the change in demographics and trendsetting insight relating to the Veterans within VR&E’s Chapter 31 program. There are data elements required by the public law that will be gathered from each participant. Among others, these data elements include information on disability, employment, health, and income.

The analysis provided in this first year of the longitudinal study is observational in nature. It describes the population of Veterans and Servicemembers who began working toward their individualized rehabilitation goals in 2010. The study participants applied for VR&E services in FY 2010 and entered into a rehabilitation plan of service during FY 2010. The longitudinal study participants can either be:

- Active participants (still working on the steps in their rehabilitation plan);
- Discontinued participants (those whose rehabilitation services have been closed without reaching a rehabilitation goal); or
- Rehabilitated participants (those whose services have been closed after they successfully reached and maintained their rehabilitation goals).

The great power of a longitudinal study will be seeing how study participants progress over time. During 2013, VA will solicit additional information from at least 3,500

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***"VETERANS' EMPLOYMENT AND TRAINING: Better Targeting, Coordinating,
and Reporting Needed to Enhance Program Effectiveness"***
(GAO-13-29)

participants by way of a survey. The survey will be repeated annually with participants of each cohort over the course of the 20-year study to capture changes in circumstances with regards to employment and other factors. This additional information will enable a more comprehensive assessment of the effectiveness of the program, and provide for deeper analysis regarding any areas for potential improvement. Targeted Completion Date: September 30, 2013.

Appendix V: Comments from the Department of Defense



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

26 NOV 2012

Mr. Andrew Sherrill
Director, Education, Workforce, and Income Security Issues
U.S. Government and Accountability Office
441 G Street NW
Washington, DC 20548

Dear Mr. Sherrill,

This is the Department of Defense (DoD) response to the Government Accounting Office (GAO) draft report GAO-13-29, "Veterans' Employment and Training: Better Targeting, Coordinating, and Reporting Needed To Enhance Program Effectiveness," dated November 2, 2012, (GAO Code 131103). The Transition to Veterans Program Office (TVPO) concurs with the recommendation in the draft report.

TVPO appreciates the opportunity to respond to your draft report. We look forward to your continued support, cooperation, and dialogue as we move forward to improving services for departing members of the Armed Forces. Should you have any questions, please contact me at (571) 372-2080 or via this email address at susan.kelly@osd.mil.

A handwritten signature in black ink that reads "Susan S. Kelly".

Susan S. Kelly, Ph.D.
Deputy Director, Transition to Veterans
Program Office

**GAO DRAFT REPORT DATED NOVEMBER 2, 2012
GAO-13-29 (GAO CODE 131103)**

**“VETERANS’ EMPLOYMENT AND TRAINING: BETTER
TARGETING, COORDINATING, AND REPORTING NEEDED TO
ENHANCE PROGRAM EFFECTIVENESS”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION**

RECOMMENDATION 1: The GAO recommends that to ensure government resources are used effectively, the Secretaries of Labor, VA and DOD should incorporate DOD’s employment assistance initiatives into the agreements that guide inter-agency coordination.

DoD RESPONSE: The DoD welcomes the opportunity to explore additional avenues of collaboration with the Departments of Labor and Veteran’s Affairs. As noted in the report, we have a successful history of working with these agencies through Memorandums of Understanding, Task Force partnerships, and other means. Currently the Veterans Employment Initiative Task Force membership includes several federal agencies who are working in concert to provide employment assistance to all Service members and Veterans. These new employment initiatives have been codified in a report signed by the Secretary of Defense and Secretary of Veterans Affairs in coordination with the Department of Labor, Small Business Administration, Department of Education and the Office of Personnel Management. Additionally, a Memorandum of Understanding will be signed at the top organizational levels with individual agreements worked at each military installation. Finally, each military installation is working directly with local agencies to ensure our Service members are provided the best employment assistance. These efforts are positive steps to use our resources effectively and codify our relationships with our interagency partners.

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Andrew Sherrill, (202) 512-7215 or sherrilla@gao.gov

Staff Acknowledgments

In addition to the individual named above, Patrick Dibattista (Assistant Director), Sheranda Campbell, Maria Gaona, and Dana Hopings made key contributions to this report. In addition, key support provided by James Bennett, David Chrisinger, Holly Dye, Rachel Frisk, David Forgosh, Alexander Galuten, Kathy Leslie, Ashley McCall, and Walter Vance.

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