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**STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
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Chairman Levin, Ranking Member Moore and Members of the Subcommittee:

Thank you for inviting DAV (Disabled American Veterans) to testify at this oversight hearing of the Subcommittee of Economic Opportunity titled, "Veteran Readiness and Employment: Is VA Succeeding?"

Mr. Chairman, DAV is a non-profit veterans service organization (VSO) comprised of more than one million wartime service-disabled veterans that is dedicated to a single purpose: empowering veterans to lead high-quality lives with respect and dignity.

Our mission includes the principle that this nation's first duty to veterans is the rehabilitation and welfare of its wartime disabled. This principle envisions vocational rehabilitation and/or education to assist disabled veterans to prepare for and obtain gainful employment, enhanced opportunities for employment, job placement and self-employment, so that the full array of talents and abilities of disabled veterans are used productively and to their greatest levels.

The Department of Veterans Affairs (VA) program, Veteran Readiness and Employment (VR&E) (formerly known as the Vocational Rehabilitation and Employment Program) assists veterans and service members with service-connected disabilities and employment barriers to prepare for, obtain and maintain suitable employment. VR&E provides comprehensive services to include vocational assessment, rehabilitation planning and employment services.

The purpose and role of VR&E greatly aligns with DAV's aforementioned principle, making it an exceedingly crucial program to disabled veterans, their families, and our members. It has been shown that veterans who achieve completion of VR&E have substantially better employment and increased standard of living outcomes. This is why today's hearing is of great concern to DAV, we need to ensure that VA is succeeding in its delivery and management of VR&E. Our testimony will address the VR&E program and studies, the current state of the program, and DAV's recommendations for improvement.

VETERAN READINESS AND EMPLOYMENT PROGRAM

To be eligible, a veteran must have a VA service-connected disability rated at least 20% or rated 10% with a serious employment handicap. Service members pending medical separation from active duty may also apply if their disabilities are reasonably expected to be rated at least 20% following discharge.

A Vocational Rehabilitation Counselor (VRC) must decide if the individual has an employment handicap based upon the results of a comprehensive evaluation. After an entitlement decision is made, the individual and counselor will work together to develop a rehabilitation plan to specify the rehabilitation services to be provided. Most participants enter education or training programs. All program costs, including tuition, books, and fees, if appropriate, are borne by VA, and veterans are provided with a monthly subsistence allowance. Rehabilitation services provided to VR&E participants fall under one of five tracks:

1. **Re-employment:** For veterans who have recently exited the military and are interested in returning to their previous employer, and for whom their previous job is suitable for their disability, VR&E provides services such as adjustment counseling, disability information and accommodation, and support in contacting their previous employer.
2. **Rapid access to employment:** For veterans who possess the skills and abilities to obtain suitable employment, VR&E provides short-term training, counseling, job placement, and postemployment support.
3. **Self-employment:** For those veterans interested in starting their own business, support in this track can include training, assistance with developing a viable business plan, and in certain circumstances, business startup support.
4. **Employment through long-term services:** The majority of veterans with a disability require long-term support, typically to include college, on-the-job training, or an apprenticeship program. VR&E funds the cost of all tuition, books, fees, and necessary supplies, as well as a monthly subsistence allowance during training. The length of time veterans are served under the VR&E program varies according to their disability needs, occupational choice, and pre-existing skills and abilities.
5. **Independent living:** For veterans for whom employment is not currently reasonably feasible, independent living services assist in achieving more independence in their homes and communities.

In some cases, a veteran may receive a subsistence allowance while they pursue an educational or training program in preparation for a future career. A subsistence allowance is paid each month during training and is based on the rate of attendance (full- or part-time), the type of education or training, and the number of dependents.

VR&E administers these benefits through a decentralized service-delivery network comprised of over 350 offices. The VR&E field network includes VRCs, Employment Coordinators (EC), and support staff and managers. The network includes 56 Veterans Benefits Administration (VBA) regional offices, the National Capital Regional Benefits Office, over 140 VR&E out-based offices, 71 Integrated Disability Evaluation System (IDES) sites and 104 VetSuccess on Campus (VSOC) locations.

All of these resources are provided to assist veterans and service members with service-connected disabilities to obtain and maintain suitable employment, improve their quality of life and to be successful in their communities.

Longitudinal Study: Annual Report 2021 for FY 2020

In 2008, Congress passed the Veterans' Benefits Improvement Act to improve and enhance benefits for veterans. A section of this legislation required the VA to conduct a 20-year longitudinal study of veterans who applied for and entered a plan of services in the VR&E program in FY 2010, FY 2012 and FY 2014. These three cohorts will be followed annually for 20 years. Survey data collection started in 2012 for the first two cohorts and in 2014 for the last cohort.

The primary objective of the Longitudinal Study of the VR&E program is to determine the long-term post-program outcomes associated with veterans who establish a plan of services.

Of the veterans who participated in the VR&E program in FY 2020, there were 10,732 veterans who successfully completed their rehabilitation plans. Of the veterans who successfully completed rehabilitation plans, about 95% began full-time employment. The remaining 5% pursued part-time employment, volunteer opportunities or additional education. More than 81% of the veterans who have achieved rehabilitation and who began full-time employment obtained professional, technical or managerial jobs in FY 2020.

The rate of homeownership for rehabilitated veterans in all cohorts is roughly 70%, which is higher than homeownership for the general United States population (65.8%). Veterans who have achieved rehabilitation reported higher annual income amounts than discontinued participants. The study found at least \$22,000 higher for individual income and at least \$28,000 higher for household income. Around 90% of veterans who have achieved rehabilitation from an employment plan were employed in the past year for all three cohorts. On average, employment rates for veterans who achieve rehabilitation are 30 to 36 percentage points higher than those who discontinued.

Veteran satisfaction with VR&E is high for all three cohorts. About 94% of rehabilitated veterans have moderate to high levels of satisfaction with the program. Additionally, about 80% of discontinued veterans are still satisfied with the program.

As the longitudinal study reveals, veterans who complete a VR&E plan are employed at higher rates, have higher levels of income and a higher rate of homeownership. It is clear that service-connected veterans are succeeding with VR&E; however, this hearing's title question remains, "Is VA Succeeding?"

CURRENT STATE OF VR&E

To better determine an answer to that question, we must review the impact of enrollments, staffing and VR&E's attempts to provide an electronic case management system.

VR&E Enrollments

The VBA FY 2021 Annual Report states that there were 125,144 veterans participating in a plan of service and an additional 22,805 veterans who received evaluation and counseling services who did not enter a plan of services, for a total of 147,949 veterans who received counseling services. A breakdown of those numbers reveals that 32,892 veterans were new or unique enrollments into a plan for services.

It has been reported by various sources that VR&E enrollment has been lower over the past few years. When compared to those enrolled into a new plan in FY 2020, 33,163, it may appear to have dropped. However, when compared to 28,814 enrolled in FY 2015; 29,341 in FY 2016; 28,708 in FY 2017; 27,194, in FY 2018; 29,799 in 2019; the number of those enrolling into a plan for services has steadily increased since FY 2015 with some fluctuations as noted. Clearly, these numbers are indicative of a significant increase and a higher demand for services over the past seven years.

VR&E Staffing

VRCs provide counseling, develop plans and provide services throughout a veteran's enrollment in VR&E. They are crucial to the success of veterans in the program in all five tracks and appropriate staffing will ensure veterans have adequate support from their VRCs and they are not overwhelmed, especially because VR&E recently stated that in 2022, there are 125,000 veterans enrolled in a plan for services.

In 2016, Congress enacted legislation (Public Law 114–223) that included a provision recognizing the need to provide a sufficient client-to-counselor ratio to appropriately align veteran demand for VR&E services. Section 254 of that law authorizes the VA Secretary to use appropriated funds to ensure the ratio of veterans to VRCs does not exceed 125 veterans to one full-time employment equivalent (FTEE).

Over the past six years, DAV has been advocating for an increase in VRC staffing to effectively meet the criterion of 1:125. In 2021, VA announced they had met the requirements of 1:125. VR&E recently indicated they have an authorized FTEE of 968 VRCs; however, they reported they have 884 VRCs nation-wide, which means they

need an additional 84 VRCs. The current 884 VRCS translates to approximately 1:141, which exceeds the requirement and is even higher than it was in 2019 (1:136).

VR&E Electronic Case Management System

Studies and feedback from both veterans and VRCs indicate that time is an essential element to success and that VRCs spend a large amount of time with administrative functions that could be spent more effectively on counseling. Leveraging technologies could improve the efficiency and time requirements for VRCs, thus allowing more time for actual counseling.

VR&E services require VRCs to keep notes, applications, documents, and other evidence as part of the veteran's file. Although VBA has gone to digital claims files, VR&E still maintains paper files. Efforts have been started to digitize all VR&E files and place them inside VBA's Veterans Benefits Management System (VBMS).

At the House Veterans' Affairs Subcommittee on Economic Opportunity hearing of May 17, 2018, VR&E acknowledged that in 2015, they started working on an electronic case management system for VRCs. It was confirmed that after three years and \$12 million, they did not have a viable operating electronic case management system.

At the House Veterans' Affairs Subcommittee on Economic Opportunity hearing of June 4, 2019, in VA's written testimony, they indicated the failure of the previous electronic case management system and their intentions of moving forward with Software for Service and indicated it would be awarded by the end of FY 2019.

VR&E leadership indicated that the second effort for a case management system, the Software for Service contract was not continued. It was determined that there were too many delays and a lack of confidence that this system was correctly and timely processing payments to schools and to veterans. Additionally, they stood up a VA internal team to address the actual processes and requirements of a new system. They spent eight months evaluating what happened and what went wrong with the Software for Service system and engaged the MITRE Corp. for their review.

VR&E is planning to create a new system, Readiness and Employment System (RES) with 213 requirements. They are expecting to award contracts for its development in March or April 2023, which is eight years after the first effort started in 2014, thus VRCs do not have an effective means to reduce their administrative functions and still manually upload documents into VBMS.

Electronic Virtual Assistant (e-VA)

Early in 2020, VA launched the VR&E e-VA program, which is an artificial intelligence-powered virtual assistant to allow veterans to schedule and reschedule appointments, text and email their VRCs and submit documentation, all privately and

securely. VR&E has reported the success of the e-VA program and noted that 90% of all veterans receiving assistance establish their own appointments.

Additionally, VR&E has stated that enhancements to e-VA will be available at the beginning of the new fiscal year. These will enable VR&E to send out all mail via e-VA and electronic signatures is another improvement that will potentially reduce times of submitting and returning mail and other required documents.

Given the increase in enrollment, the current state of staffing, and the continued failed efforts for an electronic case management system, we are troubled that these concerns will negatively impact a veteran's successful completion of their VR&E plan.

DAV'S RECOMMENTATIONS

Most of DAV's National Service Officers, benefits advisors, have received or are currently receiving services through VR&E as part of the DAV National Service Officer Apprentices Program through a Memorandum of Understanding (MOU) with VA's VR&E program.

For example, in July 1998, I started my career with DAV and received services through VR&E. I successfully completed the DAV NSO Training Program through VR&E in December 1999. Not only am I a successful outcome of these specialized services, but also, as a DAV NSO Supervisor, I personally assisted over 15 DAV Apprentices with VR&E Services to include meetings with their counselors, discussion of their plans, and use of VR&E other resources. As a DAV NSO, I assisted hundreds of veterans with VR&E, to include applications, meetings with their counselors, resolution of differences of opinion, representation in Notice of Disagreements with Decision Review Officers and before Veterans Law Judges at the Board of Veterans Appeals (BVA).

Feedback

DAV's direct interactions with VR&E and those we represent, have allowed our NSOs to develop great experience in the processes and gain institutional knowledge. Recently, we reached out to our NSOs to obtain their insight on what they and veterans are actually experiencing on the front lines:

- Approximately 90% of responses stated that VRCs are available to veterans in a timely manner for counseling and services personalized to their individual plan and circumstances.
- Roughly 82% of responders indicated that the VR&E program is applied consistently to all veterans participating in a program plan.
- In reference to the e-VA platform, about 83% indicated that it is working as intended and offered relief to VR&E participants and VRCs.
- Nearly 11% of our responders advised that there is a tendency among VRCs to guide veterans into less costly vocational training rather than traditional higher education.

We also received unsolicited comments as noted below:

- We received concerns over VRC staffing levels and the negative impact on the veterans participating and successfully completing their plan.
- Some of the comments indicated a need to provide improved and annual training and relief to VRCs as some have noted they are feeling overwhelmed and have reduced morale.
- Several responders indicated that VRCs need to be more proactively engaged and to improve communications with participants.
- One responder felt that VR&E counselors provide low-cost or cheap supplies including laptops, which veterans found problematic and thus purchased their own systems without reimbursement.

VR&E is providing successful outcomes for veterans and DAV will continue to advise veterans on the employment and economic value of using VR&E. However, given the increase in enrollment, the current state of staffing, and the continued failed efforts for an electronic case management system, and our internal feedback, DAV has serious concerns that these issues are negatively impacting a veteran's successful completion of their VR&E plan. Our recommendations for VA, VR&E and veterans to succeed are:

Recommendations

1. Immediately Fill VR&E Vacancies.

We strongly recommend that VR&E fill the 84 VRC vacancies immediately. Not only will this strive to achieve the 1:125 ratio established by Congress, but due to the increase in veterans participating in a plan, it will assist in veterans receiving timely counselling and personally crafted plans.

VR&E has noted that from February 1, 2022 through July 31, 2022, a total of 39 counselors left VA, which includes VRCs, VSOCs and IDES VRCs. Not only are we concerned about the 84 vacancies but also the vacancies in other parts of VR&E.

Additionally, filling these vacancies will help to improve VRC morale and indirectly improve the amount and quality of time spent directly with veterans, thus impacting veterans' successful outcome of their chosen plan.

2. Expedite All Action Regarding RES.

In over eight years, VR&E has not been able to successfully create and utilize a case management system for VRCs. We are concerned that over \$20 million has been spent for a system and there is not one currently in place. We understand VR&E's current approach and we applaud them for trying to ensure it is done correctly this time. However, with VRCs spending time manually uploading items into

VBMS and ensuring that veterans and schools are receiving payments, is taking away the time that needs to be spent actually counselling veterans.

This will also impact VBA rating decisions. In our experience, there are many cases where VR&E information or even a denial of services is not readily available to VBA decision makers thus having a negative impact on veterans' claims and appeals.

3. Create an Economic Opportunity Administration within the Department of Veterans Affairs.

DAV believes that the failures of the VR&E case management system is indicative of a lack of focus, direction, as well as a constant change of administrations.

Establishing a fourth administration within VA dedicated to creating economic opportunities for veterans would increase the visibility and accountability of all veterans' education and employment-related programs.

Based on DAV Resolution No. 405, we recommend Congress separate from the VBA all programs related to economic opportunity and create a new administration that should be appropriately funded and administered by an Under Secretary for Economic Opportunity.

4. Continue Improvements for e-VA.

The Electronic Virtual Assistance (e-VA) has shown great use and potential. VR&E noted that 90% of participants use e-VA for scheduling appointments and that new enhancements are coming in the future.

As noted by the feedback from veterans and our NSOs, only about 83% believe the program is functioning as intended. We recommend VR&E continue to look at ways to improve e-VA as leveraging technologies can continue to provide an increase of access to VRCs and ease in use for veterans enrolled in a plan.

5. Mandatory Annual Training for VRCs.

In 2017, VR&E conducted a pilot for a new training platform, Competency Based Training System (CBTS). That training has now been implemented and all newly employed VRCs receive 80 hours of training. However, it does not appear that there is mandatory annual training for VRCs.

As noted, DAV NSOs reported differences between VRCs' knowledge, training and the options they provide to veterans. Therefore, DAV recommends that VR&E institute an annual training requirement for all VRCs to ensure consistency for all veterans and continued successful outcomes for them.

6. Remove the VR&E Delimiting Date for All Veterans.

Currently, a veteran who was discharged after January 1, 2013 no longer has a delimiting date for VR&E eligibility. This change to the delimiting date was passed and signed into law in January 2021 as part of the Johnny Isakson and David P.

Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020, Public Law 116-315.

DAV appreciates this first step but believes that it leaves out the vast majority of disabled veterans who need assistance now. In fact, the removal of the 12-year delimiting date for veterans who discharged from military service after 2013 will not begin to help veterans until the year 2025. In order for more veterans to succeed, more veterans need to have access to VR&E services when it is necessary and not based on an arbitrary time period for some veterans, but not all.

7. Create, Improve and Reform Federal Programs for Service-Disabled Veteran Entrepreneurship.

Mr. Chairman, we thank you and this Subcommittee for the VENTURE Act as we support it and look forward to it passing the House and Senate yet this Congress. Veterans deserve the opportunity for self-employment that accommodates their employment barriers and provides them with financial empowerment. We also support creating new programs and reforming existing programs to continue providing eligible veterans the tools to be successful.

CONCLUSION

It is clear that veterans who engage in program services with VR&E and successfully complete their plan, have increased quality of life, increased wages and an increase in homeownership. In other words, veterans are successful, but is VA successfully managing and implementing the program?

As has been demonstrated, VR&E has failed to consistently meet the 1:125 ratio, failed for eight years to develop and utilize an electronic management system. We are concerned that these failures will have negative impacts on the men and women in need of the specialized services provided by VR&E. VA must do better.

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