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VETERANS' EMPLOYMENT AND TRAINING SERVICE

Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services



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Highlights

Highlights of [GAO-06-176](#), a report to congressional committees

Why GAO Did This Study

Roughly 700,000 veterans have been unemployed in recent months, a figure that could swell considerably with the anticipated increase in the number of people leaving active duty. Congress passed the Jobs for Veterans Act in 2002 to improve employment and training services for veterans and to encourage employers to hire them. As mandated by law, GAO reviewed progress to date in its implementation, including the development of new staff roles and responsibilities, performance accountability system, incentive awards, and priority of service to veterans. GAO examined (1) implementation status of the key provisions and any associated challenges, (2) what is known about services and outcomes since the law's enactment, and (3) changes in program accountability.

What GAO Recommends

GAO is recommending that the Department of Labor provide clear guidance that would integrate veterans' staff into the one-stops, ensure priority of service for veterans among all programs, and foster state use of incentives. GAO is also recommending that Labor's program offices coordinate their oversight regarding JVA provisions, and that Labor use monitoring results to develop program improvements. Finally, GAO recommends that Labor establish effective methods for enforcing federal contractor requirements. Labor agreed with these recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-176.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd R. Nilsen at (202) 512-7215 or nilsens@gao.gov.

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Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services

What GAO Found

Labor implemented most provisions of the Jobs for Veterans Act (JVA) within the first 2 years of its enactment. However, some are not fully implemented, such as measures to increase service priority for veterans in the full spectrum of Labor's training programs, and others designed to improve accountability from states and federal contractors. States also report substantial progress implementing the law, but challenges remain in some areas. About one-third of the states, for example, did not establish incentive award programs for their workforce personnel because their laws, policies, or agreements conflict with this JVA provision.

Most state workforce administrators surveyed reported that the new legislation has improved both the quality of services to veterans and their employment outcomes. They credited the greater availability of case management services under JVA for much of the improvement in employment. They cited lack of federal contractor compliance with the law's provisions as most likely to have limited veterans' employment opportunities. Aside from the law's influence, they cited the willingness of employers to hire veterans and the strength of the local job market as significant factors affecting veterans' employment.

About half of state directors of Veterans' Employment and Training reported their new monitoring role had strengthened local program accountability. However, just over a third reported that accountability had either lessened or not improved. Some partly attributed this to absence of local performance data and fewer annual visits to one-stop centers. GAO found, as well, that a lack of coordination among Labor's agencies responsible for certain JVA provisions has weakened accountability. Also, while Labor has developed a system to monitor program performance, it lacks a strategy for using the information it gathers to make improvements and to help states.

Advertisement on City Bus for the Hire Vets First Promotional Campaign



Source: President's National Hire Veterans Committee.

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Abbreviations

BLS	Bureau of Labor Statistics
CPS	Current Population Survey
DVOP	Disabled Veterans' Outreach Program
ETA	Employment and Training Administration
JVA	Jobs for Veterans Act
LAUS	Local Area Unemployment Statistics
LVER	Local Veterans' Employment Representative
NVTI	National Veterans' Training Institute
OFCCP	Office of Contract Compliance Programs
VETS	Veterans' Employment and Training Service
WIA	Workforce Investment Act

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United States Government Accountability Office
Washington, DC 20548

December 30, 2005

The Honorable Larry E. Craig
Chairman
The Honorable Daniel Akaka
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate

The Honorable Steve Buyer
Chairman
The Honorable Lane Evans
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives

In recent years, roughly 700,000 veterans have been unemployed in any given month, and that figure could swell considerably with the anticipated increase in the number of service members currently leaving active duty and returning to civilian life—approximately 200,000 a year, according to the Department of Labor (Labor). Since we last reported on veterans' employment and training services,¹ Congress passed the Jobs for Veterans Act (JVA) to improve employment and training services for veterans and to encourage employers to hire them. The act made several changes to the two Labor programs that focus exclusively on veterans and that are administered by the Veterans' Employment and Training Service (VETS): the Disabled Veterans' Outreach Program (DVOP) and the Local Veterans' Employment Representative program (LVER). It clarified the respective roles of DVOP and LVER staff and required the establishment of a performance accountability system, and an incentive award program. JVA provided states administering the programs more flexibility by funding both programs through one allocation, allowing states to choose the mix of staff and whether they would be hired on a full-time or part-time basis. Additionally, it called for the integration of DVOP and LVER staff into the one-stop delivery system established in 1998 under the Workforce Investment Act (WIA) to streamline services provided by federal

¹ GAO, *Veterans' Employment and Training Service: Flexibility and Accountability Needed to Improve Service to Veterans*, [GAO-01-928](#) (Washington, D.C.: Sept. 12, 2001).

employment and training programs. JVA expanded Labor's focus on veterans by requiring that all of the agency's training programs give veterans priority in receiving their services, within their target population. It also required Labor to establish a national minimum standard—or threshold—for veterans' employment. Finally, to encourage businesses to hire veterans, the act established a committee to develop a national campaign promoting veterans and updated existing requirements that employers who receive federal contracts advertise job openings at the appropriate employment service delivery system and report on their veteran hiring practices.

In light of the many changes introduced by the Jobs for Veterans Act, and as mandated by the act, we conducted a study on the implementation of its provisions. In reviewing federal and state progress in carrying out the act's provisions, we examined (1) the implementation status of the key provisions and any associated challenges, (2) what is known about services and outcomes since the law's enactment, and (3) how accountability has changed for the Disabled Veterans' Outreach and Local Veterans' Employment Representative programs.

To obtain information to address our objectives, we administered two surveys, one to the state directors of veterans' employment and training and the other to state workforce administrators in all 50 states and the District of Columbia. We received responses from all 51 state directors of veterans' employment and training and 50 state workforce administrators². We validated the survey instruments through pretest but did not verify the information respondents provided. To further understand local area approaches to JVA implementation, we visited 10 local one-stop centers in five states: California, Florida, Louisiana, Ohio, and Washington. We selected these states on the basis of several criteria, including geographic dispersion, range of sizes as determined by funding allocation, whether the state had implemented JVA's incentive award program, and recommendations by Labor, veterans' service organizations, and the National Association of State Workforce Agencies. On the basis of these organizations' recommendations, we then chose two local one-stop centers that were either further along in implementation or were facing some challenges. Our site visits at the state level included interviews with officials from the Veterans' Employment and Training Service and state workforce agency; at the local level, we interviewed one-stop management

²The state workforce administrator from the District of Columbia did not respond.

and staff, including veterans' staff. In addition, we also visited the National Veterans' Training Institute in Denver, Colorado, where we interviewed training officials, state-level Veterans' Employment and Training officials, and veterans' staff from 24 states who were attending training classes. We also met with representatives of various veterans' service organizations and the National Association of State Workforce Agencies. Finally, we spoke with federal officials at other Labor agencies responsible for implementing JVA, including the Employment and Training Administration (ETA), Office of Federal Contract Compliance Programs, Women's Bureau, Office of Disability Employment Policy, and Bureau of International Labor Affairs. For a greater discussion of our scope and methodology, see appendix I. Our work was conducted between January and November 2005 in accordance with generally accepted government auditing standards.

Results in Brief

Labor took action to implement most JVA provisions within the first 2 years of the new legislation. For example, Labor issued guidance on new roles and responsibilities for DVOP and LVER staff as well as implemented a new funding formula for allocating grant funds to states. However, federal actions are still outstanding for certain provisions designed to give priority to veterans in Labor training programs, update federal contractor regulations, and improve state accountability for veteran employment. For example, Labor agencies have not provided complete guidance to grantees required to provide priority of service to veterans in the various Labor training programs, or on reporting requirements. In addition, the department anticipates it will be 2007 before sufficient trend data will be available to replace individual state goals for veterans' employment with a national standard common to all states. Also, Labor has not updated regulations on federal contractors' hiring and reporting practices because of a lack of consensus and coordination on how to implement and enforce this provision. States reported good progress in implementing provisions through October 2005, but challenges remain in certain states and local areas. For example, most states reported that veterans' staff have transitioned to their new roles and responsibilities in over 75 percent of local workforce offices, but that integration with other staff in some local offices remains a challenge. Similarly, about one-third of states reported that they did not establish incentive programs recognizing high-quality veterans' services because this JVA requirement conflicts with state laws, policies, or collective bargaining agreements. While most state workforce administrators reported on our survey that good progress has been made in implementing priority of service for veterans in Labor training

programs, officials in some areas we visited were unaware of or confused by Labor's guidance on this JVA requirement.

Most state workforce administrators reported that the new legislation has improved the quality of services to veterans, including disabled veterans, and has also improved employment outcomes. They credited the greater availability of case management services through DVOP staff, citing this factor most often in helping veterans obtain employment. In contrast, state administrators reported that the lack of federal contractor compliance with the requirement to list job openings at the local one-stop centers has limited veteran employment opportunities. Non-JVA factors also played a significant role in employment outcomes. In particular, administrators cited the willingness of employers to hire veterans and the strength of the local job market as significant factors.

While about half of state VETS directors reported that their monitoring role under JVA had strengthened local accountability for the DVOP and LVER programs, just over a third reported that it had either lessened or not improved. Monitoring tools most often reported to strengthen accountability were analysis of local level performance data and site visits to local offices. However, VETS directors in 21 states reported that local-level data were unavailable, potentially limiting federal oversight of local office performance in these states to site visits conducted every 5 years. Although not specifically required by JVA, the lack of coordinated oversight by agencies within Labor that share responsibility for implementing certain JVA provisions weakens performance accountability. For example, only five state VETS directors reported taking a coordinated approach with ETA to monitor local office performance, share results, and take corrective action. Also, in terms of federal oversight, VETS lacks a strategy to use monitoring results to improve program performance. For example, state performance goals for the rate at which veterans enter employment range from 38 percent to 65 percent, but VETS has not proactively identified why goals are lower in some states than in other states and targeted these states for assistance.

To improve the way JVA is implemented, we are making a number of recommendations to Labor regarding integration of veterans' staff into the one-stops, priority of service across all programs, best practices on awarding performance incentives, coordinated monitoring efforts, and also implementation and enforcement of federal contractor requirements.

In its written comments, Labor generally concurred with our findings and recommendations.

Background

JVA³ amended Title 38 of the U.S. Code, the legislation that governs the DVOP and LVER programs, and by doing so, introduced an array of reforms to the way employment, training, and placement services are provided to veterans. (See table 1.) JVA addressed concerns raised by some that Title 38 was overly prescriptive and did not provide states the flexibility to determine the best way to serve veteran job seekers. For example, JVA amended Title 38 by removing provisions detailing the specific duties of DVOP and LVER staff and how they were to be assigned.⁴ Under JVA, the states have the authority to employ, subject to Labor's approval, a sufficient number of full or part-time DVOP staff to provide intensive services to eligible veterans, giving priority to disabled veterans and others as Labor determines. Similarly, JVA gives the states authority to employ a sufficient number of LVERs to carry out employment, training, and placement services, including conducting outreach to employers and facilitating services furnished to veterans under the applicable state employment service delivery systems. Beginning July 2003, states and localities were required to implement JVA provisions.

³ Pub. L. No. 107-288 (2002).

⁴ Prior to JVA, Title 38 provided that there was to be one DVOP for each 7,400 veterans in a state and prescribed 11 functions the DVOP staff to carry out in providing services to eligible veterans. Similarly, prior to JVA, Title 38 provided that in any fiscal year funding should be available for 1,600 full-time LVER staff and prescribed how those LVER staff were to be allocated to the states and assigned to local employment service offices. In addition, Title 38 prescribed 13 functions to be performed by the LVER staff.

Table 1: Comparison of Selected Provisions under Title 38 and JVA

Title 38 before JVA amendments	JVA
State funding	
<ul style="list-style-type: none"> Funding is available by grant or contract through two separate allocations, each with its own funding formula that prescribes total number and location of DVOP and LVER staff for each state. States submit grant applications to request funding. 	<ul style="list-style-type: none"> Funding is available by grant or contract through one allocation under a new funding formula that allows states to determine number of DVOP and LVER staff. Requires state plan as a condition of funding, which must include a description of how veterans' staff will be integrated into the service delivery system, their duties, and the veterans' population to be served.
Staff roles and responsibilities	
<ul style="list-style-type: none"> Prescribes 11 specific duties for DVOP staff and 13 for LVER staff. Only LVER staff may be assigned on a part-time basis. 	<ul style="list-style-type: none"> Clearly distinguishes DVOP and LVER staff roles and gives states flexibility in deciding their duties. Allows both types of staff to be assigned on a part-time basis.
Priority of service	
<ul style="list-style-type: none"> Eligible veterans and spouses of certain veterans receive priority of service in those federally funded employment and training programs that specifically require it. 	<ul style="list-style-type: none"> Eligible veterans and spouses of certain veterans receive priority of service in all Labor-funded employment and training programs.
Performance accountability	
<ul style="list-style-type: none"> Performance measures emphasize processes over outcomes. National standard not required. Each local employment office evaluated annually. 	<ul style="list-style-type: none"> Comprehensive performance accountability system consistent with WIA performance measures. National performance standard for the rate at which veterans enter employment, a rate that all states are expected to meet. Annual performance reviews of veterans' services without specifying how many local offices will be evaluated.
Incentive awards	
<ul style="list-style-type: none"> No incentive award program. 	<ul style="list-style-type: none"> Incentive award program to encourage the improvement and modernization of veterans' services and recognize exemplary staff.
Committees	
<ul style="list-style-type: none"> No such committee. 	<ul style="list-style-type: none"> President's National Hire Veterans Committee to market veterans as a viable workforce resource.
Federal contractors	
<ul style="list-style-type: none"> Requires regulations for employers with federal contracts of \$25,000 or more to list all their job openings as appropriate, give veterans priority in referral to those jobs, and report on their hiring practices. 	<ul style="list-style-type: none"> Raises federal contract threshold amount to \$100,000 or more, requires contractors to list their job openings and give veterans priority in referral to those jobs, and modifies categories of veterans to be reported.

Source: GAO analysis of Title 38 and JVA legislation.

Within Labor, two agencies—VETS and ETA—share responsibility for helping the nation’s veterans find employment. Among the programs that VETS administers are the DVOP and LVER programs, which were funded at about \$162 million in fiscal year 2005.⁵ Prior to JVA, funding for these two programs was allocated as two separate grants to states. Under JVA, however, the DVOP and LVER grants are allocated as one funding stream to states, and states use this funding to support nearly 2,400 veterans’ specialist and representative positions nationwide. To promote the professional competence of these veterans’ service providers, VETS received about \$2 million in fiscal year 2005 for the National Veterans’ Training Institute to develop and deliver training. In addition, JVA authorized funding for the newly created President’s National Hire Veterans Committee at a level of \$3 million annually, from fiscal year 2003 through 2005, to carry out its marketing and promotional activities, and stipulated that the committee would terminate in February 2006, 2 months after issuing a final annual report on its activities.

VETS carries out its responsibilities through a nationwide network that includes representation in each of Labor’s six regions and staff in each state. The Office of the Assistant Secretary for VETS administers the agency’s activities through regional administrators and state directors. The state directors are the link between VETS and the states’ employment service system that is overseen by ETA. The DVOP and LVER staff, whose positions are funded by VETS, are part of states’ public employment services.

Employment services fall under the purview of ETA, which administers the Wagner-Peyser-funded Employment Services program, providing a national system of public employment services to any individual seeking employment—including a veteran—who is authorized to work in the United States. Thus, those veterans considered job ready and not in need of intensive services from a DVOP could instead be served by employment service staff and receive such services as assessment, counseling, job readiness evaluation, and placement. Veterans would also be eligible to receive WIA-funded services. Like VETS, ETA carries out its employment service program through staff in Labor’s six regions and workforce agencies in each state. In fiscal year 2005, ETA requested about \$700 million for the Wagner-Peyser program.

⁵ The other grant programs and services administered by VETS are the Homeless Veterans Reintegration Program, Veterans Workforce Investment Program, Transition Assistance Program, and National Veterans’ Training Institute.

The DVOP and LVER programs, along with the Employment Services program, are all mandatory partners in the one-stop center system created in 1998 by WIA and overseen by Labor, in which services provided by numerous employment and training programs are made available through a single network. JVA requires that veterans be given priority of service in any job training program administered by Labor. This requirement affects 23 Labor-funded workforce programs, including WIA and Wagner-Peyser Employment Services. Labor's guidance requires states to modify their strategic plans for workforce investment for the next 2 years, addressing how veterans will be given priority and how veterans' services will be provided through the state's one-stop service delivery system.

Most JVA Provisions Have Been Carried Out, but Not without Some Challenges

Labor's implementation of JVA has been on track, with most provisions in place within the first 2 years of the new legislation. For example, Labor timely implemented new roles and responsibilities for veterans' staff as well as the new funding formula for allocating grant funds to states. However, Labor's implementation is still pending for provisions designed to give veterans priority for participating in all Labor's training programs, govern federal contractor hiring practices, and improve states' accountability for increasing veterans' employment. States also report good progress in implementing provisions, but challenges remain in some local areas in terms of integrating veterans' staff with other staff in local workforce centers and establishing incentive programs as provided in JVA for recognizing quality services to veterans.

Labor Is Generally on Track in Implementing Most JVA Provisions

Labor has taken actions to implement most JVA provisions to reform veterans' services since the law was enacted in November 2002. For example, Labor has issued guidance clarifying the new roles and responsibilities for veterans' staff, and has established criteria in regulation, to implement the new funding formula for allocating grant funds to states. (See table 2.) Additional Labor actions may be needed to ensure progress in implementing other JVA provisions. These include issuance of regulations requiring recent federal contractors to list job openings and report on their veterans hiring practices, and development of a national standard for veteran employment, needed to complete its new performance accountability system for states.

Table 2: Summary of Labor’s Completed and Planned Actions to Implement Selected JVA Provisions, as of December 2005

Provision	Labor’s completed actions	Labor’s planned actions
Prior to JVA		
Veterans’ staff roles and responsibilities	<ul style="list-style-type: none"> VETS issued first of several guidance letters in September 2002. National Veterans’ Training Institute subsequently began conducting training on JVA provisions for veterans’ staff in 2003. 	<ul style="list-style-type: none"> Updates will occur as necessary.
JVA Enacted November 7, 2002		
First full program year following JVA^a		
Performance accountability	<ul style="list-style-type: none"> VETS issued a guidance letter on new performance measures in July 2003. 	<ul style="list-style-type: none"> Labor anticipates that it will be 2007 before it can establish a national standard that states must meet for veterans entering employment.
Priority of service	<ul style="list-style-type: none"> ETA issued its first guidance letter for 15 programs in September 2003. 	<ul style="list-style-type: none"> Two of three other Labor agencies plan to issue guidance for their programs.
National Hire Veterans Committee	<ul style="list-style-type: none"> Secretary of Labor began appointing members in 2003. 	<ul style="list-style-type: none"> None
First full fiscal year following JVA^b		
State grant funding	<ul style="list-style-type: none"> VETS allocated grants to states phased in over a 2-year period beginning fiscal year 2004. 	<ul style="list-style-type: none"> None
Incentive awards	<ul style="list-style-type: none"> VETS allocated incentive award funds to states beginning in fiscal year 2004. 	<ul style="list-style-type: none"> None
Second full fiscal year following JVA		
Federal contractors	<ul style="list-style-type: none"> VETS and Office of Federal Contract Compliance Program (OFCCP) drafted regulations on contractor affirmative action, job listings, and reporting requirements. 	<ul style="list-style-type: none"> VETS and OFCCP anticipate issuing regulations in early 2006.

Source: GAO analysis of JVA provisions and Labor information.

^aProgram year 2003 was the first full program year under JVA and ran from July 1, 2003, to June 30, 2004.

^bFiscal year 2004 was the first full fiscal year under JVA and ran from October 1, 2003, to September 30, 2004.

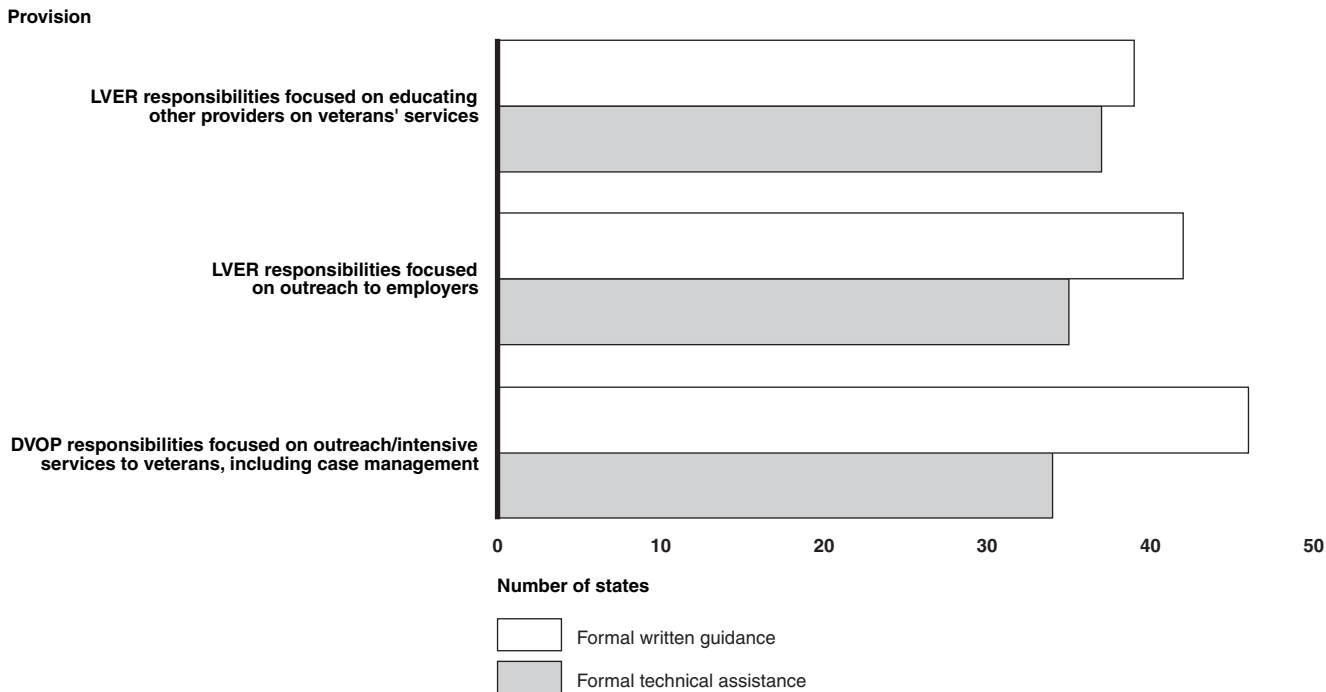
Staff Roles and Responsibilities

VETS took several steps to prepare veterans’ staff for their new roles and responsibilities under the law. VETS issued guidance and held training classes, but officials cite challenges in providing all staff with training on their new roles and responsibilities because of resource limitations on the number of classes. VETS took action in September 2002, before JVA was enacted, to issue guidance for DVOP and LVER staff, and directed the National Veterans’ Training Institute (NVTI) to design training seminars to

facilitate state and local implementation in the next program year.⁶ The initial VETS guidance, updated in later years, explained how the DVOP staff roles and responsibilities were to transition to exclusively focus on intensive services and outreach to veterans, while LVER staff were to exclusively focus on outreach to employers and community organizations, training other staff on veterans' issues, and quarterly reporting on compliance with the law. Subsequent guidance issued in July 2005 discussed, among other topics, the flexibility states have under JVA to decide number of DVOP and LVER staff hired on a full-time or part-time basis. The later guidance also instructed each workforce area to report quarterly on veterans' services. Almost three-quarters of the 50 state workforce officials reported on our survey that the quality of Labor's formal written guidance and technical assistance was good or excellent in terms of facilitating implementation of new staff duties. (See fig. 1.) Conversely, no more than a dozen states characterized the guidance and assistance as fair or poor.

⁶ VETS issued guidance based in part on House bill H.R. 4015, which contained provisions that VETS believed would be enacted in the new legislation.

Figure 1: State Workforce Administrators with Positive Comments on the Quality of Labor’s Guidance and Assistance on New Roles for Veterans’ Staff



Source: Responses to GAO survey by 50 state workforce administrators.

Shortly after JVA was enacted, Labor’s training institute held a series of implementation seminars that were attended by representatives from all states. The institute continues to conduct and fund training for DVOP and LVER staff. At the end of its first training year in October 2004, the institute reported having trained 282 DVOP staff in case management. Similarly, at the end of its second training year in 2005, the institute reported that 240 LVER staff were trained in employer outreach. NVTI estimated that an additional 144 DVOP and 240 LVER staff would be trained in these two courses each year in the future, but had concerns that these numbers would cover only about 16 percent of all veterans’ staff each year, while annual staff turnover was averaging about 18 percent. Training institute officials estimated that 48 additional sessions would be required to meet the needs of all staff in these two course offerings in addition to the 80 training sessions planned for veterans’ staff over the institute’s 5-year contract period.

VETS officials confirmed a need for expanded training opportunities but said that their authority to reallocate resources to NVTI is limited.⁷ Overall, state and local workforce officials were pleased with the quality of NVTI training. For example, a DVOP in a one-stop center in California found that NVTI classes provided a valuable opportunity to network and exchange ideas with other participants from around the country. In a survey comment, a state administrator also said that the NVTI Web site has been useful in helping the state keep up with all aspects of JVA implementation and that the state makes extensive use of NVTI's electronic discussion board to communicate with other states.

Funding Formula

VETS began using JVA's method for allocating DVOP and LVER grant funds to states in the fiscal year beginning in October 2003. Under JVA, the previously separate DVOP and LVER grants were merged into one grant for veterans' staff, and states are now required to submit an application for funding containing a plan describing how the state will furnish the required employment, training and placement services, the veteran population to be served, and any additional information Labor may require. Labor was to award funds proportionately to the states with approved applications, based on a ratio of the total number of veterans residing in the state that are seeking employment to the total number of veterans seeking employment in all states using criteria that Labor may establish in regulation. JVA required Labor to phase in this new method of providing funding to the states and provided that it may establish minimum funding levels and hold harmless criteria for the states.

VETS issued a final rule establishing criteria for making funds available for veterans' employment services. It reserved up to 4 percent of the grant money available for unexpected needs and transition assistance programs⁸

⁷National Veterans' Training Institute is funded as a separate line item in the VETS budget, limiting VETS' authority to reprogram funds among its accounts to \$500,000, according to a VETS official.

⁸The Transition Assistance Program was established to ease the transition of separating service members and their spouses from military service to the civilian workforce. During 3-day workshops conducted at selected military installations nationwide, participants learn about job searches, career decision making, current occupational and labor market conditions, résumé writing, and interviewing techniques. In fiscal year 2005, VETS allocated \$2.5 million to 40 states for the provision of 3,048 workshops.

and allocated grants to states using the new formula prescribed by law.⁹ During the first 2 years of the required 3-year phase-in period, states were provided with (1) a hold harmless rate of no less than 80 percent of its previous year's allocation during fiscal year 2005 and 90 percent thereafter, and (2) a minimum funding level of 0.28 percent of the prior year's total funding level for all states. For example, the minimum funding level for fiscal year 2004 was \$439,000 ($\$156,811,000 \times .0028$). Under the new formula, 4 states received about the same amount of funding, while 31 states received a decrease of 5 percent or more and 16 states received at least a 5 percent increase between fiscal years 2003 and 2005. (See app. II for state funding allocations.)

Incentive Awards Program

VETS issued guidance in May 2003 for an incentive award program to be implemented by states in the first fiscal year after JVA. This guidance laid out eligibility and selection criteria and examples of nonmonetary awards, giving states flexibility to tailor their awards programs. JVA required that states establish an incentive program to recognize eligible employees for excellence or demonstrable improvement in the provision of employment, training, and placement services. Under JVA, Labor is to establish criteria, in consultation with the states, to be used by the states in setting up the required incentive program. The law provides further that the form of incentive award may be either a cash or a nonfinancial award, as Labor may specify. The act provided that beginning in program years during or after fiscal year 2004, 1 percent of the annual grant funds is to be used for making cash awards under the state's incentive award program.

In accordance with JVA, VETS mandated that 1 percent of each state's grant amount be used for incentive payments to staff. In total, VETS allocated about \$1.5 million for the incentive program in fiscal years 2004 and 2005. Of this amount, states used about \$600,000 (40 percent) during the first year of implementation, and VETS officials stated that the remaining unexpended funds were returned to the Treasury. In addition,

⁹The ratio of the total number of job-seeking veterans residing in the state to the total number of job-seeking veterans in all states is best determined using data collected through the Local Area Unemployment Statistics (LAUS) and the Current Population Survey (CPS), both of which are administered by the Bureau of Labor Statistics (BLS). The LAUS data are considered to be the most reliable source of the number of unemployed persons in the civilian labor force, while the CPS data are considered to be the most reliable source of the number of veterans in the civilian labor force. BLS officials said that these two data sources provide the most meaningful and reliable data on veterans seeking employment at the state level, and that using a 3-year average to calculate the funding formula will stabilize the effect of annual fluctuations in the data and, consequently, in the amounts allocated annually to states.

VETS does not anticipate returning any incentive funds to the Treasury in 2005. Instead, VETS informed Congress that any unspent funds will be reallocated to the DVOP and LVER programs, according to officials. (See app. III for state incentive program allocation and expenditures in fiscal year 2004.)

Priority of Service

Labor has only partially implemented the JVA requirement to give priority service to veterans in its many employment training programs. JVA added a new section to Title 38 on priority to veterans and spouses of certain veterans in receiving employment and training services through Labor-funded programs. In that section, Labor is given authority to establish priorities among covered persons to take into account the needs of disabled veterans and special disabled veterans. This provision applies to 23 employment and training programs operated by five Labor agencies—VETS, ETA, Women’s Bureau, Office of Disability Employment Policy, and the Bureau of International Labor Affairs. Veterans automatically receive priority of service in the five programs operated by VETS because these programs serve veterans exclusively. However, for programs that serve additional populations and are operated by other Labor agencies, priority of service for veterans is applied differently once veterans meet the programs’ eligibility requirements. For example, under ETA’s Wagner-Peyser-funded Employment Services program, priority is to be given first to veterans and then to all others. By contrast, under ETA’s Senior Community Service Employment program, priority is given to low-income individuals who are first veterans and their qualified spouses aged 60 years or older; second, other individuals who are at least 60 years old; third, veterans and their qualified spouses who are 55 to 59 years old; and fourth, other individuals who are 55 to 59 years old.

These Labor agencies are in different stages of providing guidance and reporting requirements for veterans’ service priority to the grantees of their respective programs. ETA, for example, was somewhat delayed in issuing an initial guidance letter for its 15 programs, notifying grantees of the law’s general requirements in September 2003, several months after the first program year following JVA began. Both the Women’s Bureau and the Office of Disability Employment Policy have included language on priority of service in their 2003 grant solicitations, but officials told us that they have not issued further guidance or established reporting requirements. In addition, officials at the Bureau of International Labor Affairs said that their agency funds overseas projects for which veterans are not eligible, such as a project in Indonesia that focuses on the prevention of child labor.

Labor did not issue its required annual report to Congress for the first program year of JVA, and its report to Congress for program year 2004 contained incomplete information regarding veterans' priority among its training programs. JVA required Labor's annual report to include three issues (1) whether veterans are receiving priority of service; (2) whether they are being fully served; and (3) whether the representation of veterans in programs is in proportion to their representation in the labor market. Labor did not collect and report data on the first two requirements for any of its programs, and information on the third requirement was incomplete. Of its 23 programs subject to the law's requirement, Labor reported veterans' participation rates for only 11 ETA programs. (See table 3.) ETA officials said that they were unable to collect data from participants in all their programs because grantee data collection systems were not in place.

The data that Labor reported for 11 of its programs showed that veterans are essentially represented in proportion to their labor force participation rate of 9.5 percent in five ETA programs that were aimed at adult job seekers, while six programs fell short of the 9.5 percent target participation rate. The report indicated that programs with lower veteran participation rates tended to be those least applicable to veterans, such as programs for migrant farm workers or youth.

Table 3: Veterans' Participation in ETA Programs for Adult Job Seekers, Program Year 2003

ETA adult programs	Number of veterans served	Veterans' participation rate (percent)
Wagner-Peyser Employment Services	1,421,977	9.4
Trade Act	4,970	13.6
WIA Adults	31,588	7.1
WIA Dislocated Workers	34,943	9.6
Senior Community Services Employment, age 55 and up	10,853	10.1
America's Job Bank	150,327	15.8
National Emergency Grants	3,013	10.5
H-1B Skills Grants ^a	1,454	6.2
Native American	398	2.2
Migrant and Seasonal Farmworker, adults	308	1.0
Job Corps	114	0.2
Total	1,659,945	9.7

Source: VETS 2004 annual report to Congress.

^aData collected and reported by 84.3 percent of H-1B grantees who were operational in 2004.

Performance Accountability

VETS established some new performance measures for the DVOP and LVER grant programs, issuing guidance for state implementation beginning July 2003, but officials state that it will be at least 2007 before VETS can establish a national standard for employment outcomes that it will require all states to meet. Under JVA, Labor was required, by May 2003, to establish and implement a comprehensive performance accountability system to measure the performance of employment service delivery systems, including disabled veterans' outreach program specialists and local veterans' employment representatives. The standards and measures in that system are supposed to be consistent with state performance measures under WIA and be appropriately weighted to provide special consideration for placement of veterans requiring intensive services and veterans who enroll in readjustment counseling. Additionally, Labor is required by JVA to issue regulations establishing a uniform national threshold entered-employment rate for veterans. As required by JVA, VETS based the new performance measures on those for WIA. In doing so, it dropped two process measures—number of veterans receiving counseling or some reportable service. It also added several others focused primarily on outcomes—employment rates following either staff-assisted or intensive services, and employment retention rate. (See table 4.) VETS officials told us they made additional modifications to the performance accountability system when, in July 2005, they adopted the Office of Management and Budget's (OMB) new common performance measures. Under this change, VETS established a new performance measure for individuals who got a job by comparing their earnings 6 months before they enroll in a program with earnings 6 months after they exit the program.

Table 4: Development of DVOP and LVER Performance Measures and Reporting Requirements

Performance measure or reporting requirement	Before program year 2002	Program years 2002 to 2004	Program year 2005
Entered employment rate	X	X	X
Number of veterans placed in training	X		
Number of veterans receiving counseling	X		
Number of veterans receiving some reportable service	X		
Federal contractor jobs filled by Vietnam and special disabled veterans	X		
Employment rate following receipt of staff-assisted services		X	X
Employment rate following receipt of intensive services ^a		X	X
Employment retention rate at 6 months		X	X
Number of veterans placed in federal training		X	X
Number of veterans placed in federal jobs		X	
Number of veterans that entered into federal contractor jobs		X	X
Earnings increase at 6 months			X

Source: Veterans' Employment and Training Service, Department of Labor.

^aIntensive services were formerly referred to as case management.

VETS officials said that they have changed the method they use to calculate the entered employment measure and collect source data. Initially, VETS measured job placements that tracked whether a veteran was referred to, hired, and retained in a specific job. With WIA's enactment in 1998, VETS began tracking the entered-employment rate or percentage of all registered veterans who were placed in or obtained employment. However, states had different policies regarding how and when veterans were registered, resulting in inconsistent performance data.¹⁰ During this time, VETS also moved from a manual follow-up system to identify how many veterans obtained jobs to an automated system using unemployment insurance wage records.¹¹ The resulting changes in state reporting systems have delayed the setting of a national standard for veterans' employment. VETS anticipates that it will need at least 3 years under the OMB measures to collect the comparable trend data needed to

¹⁰Under the common measures, Labor plans to require one-stops to track all participants who walk through the door of a one-stop center and receive any one-stop service, regardless of which program provides the service.

¹¹GAO, *Unemployment Insurance: Better Data Needed to Assess Reemployment Services to Claimants*, GAO-05-413 (Washington, D.C.: June 24, 2005).

National Hire Veterans
Committee

establish the national performance standard holding all states accountable to the same minimum goal for veterans entering employment. In the interim, VETS issued guidance in May 2004 on how it would negotiate individual performance goals with states. These goals ranged from 38 to 65 percent in program years 2004 and 2005. (See app. IV.)

Approximately 15 months passed as the Secretary of Labor appointed members to the President's National Hire Veterans Committee, and these members worked with a contractor to begin the national campaign to make employers and businesses more aware of veterans through the public workforce system.

JVA provided for the establishment of the National Hire Veterans Committee, whose purpose is to furnish information to employers with respect to the training and skills of veterans and disabled veterans, and the advantages to employers of hiring veterans with such training and skills and to facilitate employment of veterans and disabled veterans through participation in America's Career Kit national labor exchange and other means. The Secretary of Labor is required to appoint the 15 members of the committee and the chairman. Labor is required to submit a report to Congress on the activities of the committee annually for 2003, 2004, and 2005. The report is to contain data concerning the placement and retention of veterans in jobs attributable to the activities of the committee.

Labor initiated action during the third and fourth quarters of calendar year 2003 by appointing the 15 committee members from the various public and private organizations required by law. Starting in February 2004, the committee held the first of its required quarterly meetings in Washington, D.C., and held nearly all of its six subsequent meetings in various parts of the country in order to increase media coverage. The meetings allow committee members to monitor activities, develop strategies, and hold public forums on veterans' employment issues.

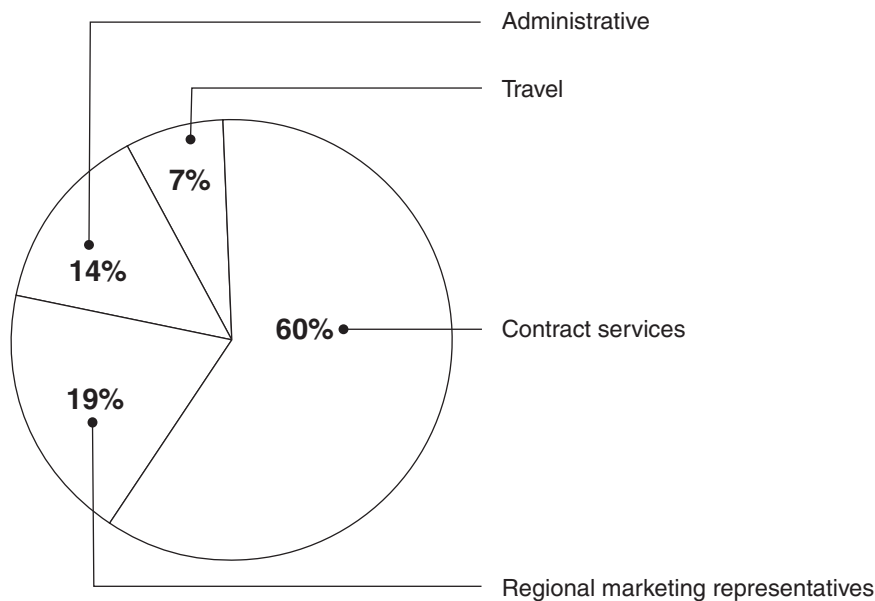
The committee also hired a contractor in 2004 to carry out a national campaign to promote the hiring of veterans and to inform veteran job seekers of the public workforce resources available to them. The campaign included a Web site,¹² activated in October 2004, which offered an electronic clearinghouse to facilitate a match between employers and veteran job-seekers and help veterans conduct their job searches. The

¹²The Web site can be found at <http://www.hirevetsfirst.gov>.

campaign has run magazine advertisements in Business Week and HR Magazine (the magazine for the Society of Human Resource Management) and posted banner ads on electronic job boards that targeted private sector employers, advising them to recruit veterans through one-stop centers. Finally, the committee persuaded 44 state governors to proclaim a “Hire Vets First” month to demonstrate state support.

Although JVA authorized \$3 million a year for the committee’s activities, according to a committee official, these funds were not appropriated and funds were drawn from VETS’ administrative budget instead. The committee has projected that its cumulative total expenditures will be about \$2.2 million through fiscal year 2005. Contract services, which account for approximately 60 percent of expenditures, are predominately for implementing the national campaign and associated marketing and media activities. (See fig. 2.)

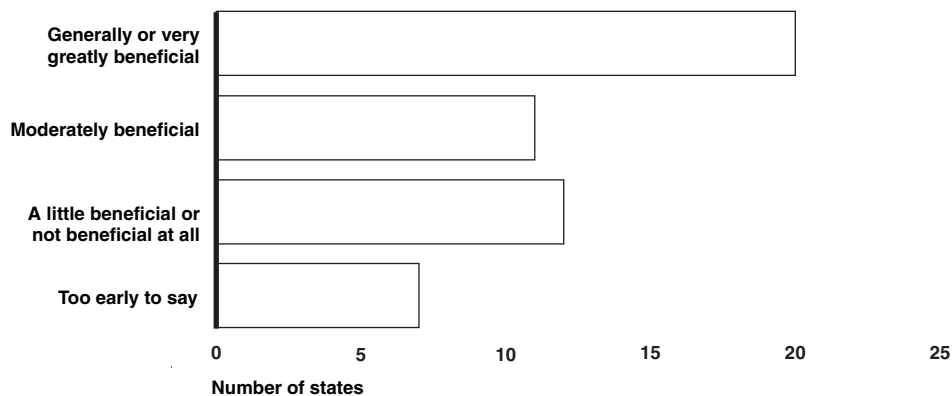
Figure 2: Allocation of Projected Total Expenditures of the President’s National Hire Veterans Committee through Fiscal Year 2005



Source: President's National Hire Veterans Committee.

A majority of the state workforce administrators reported on our survey that the committee's promotional activities have been beneficial to some degree in helping veterans get jobs. (See fig. 3.)

Figure 3: Extent to Which the Committee's Promotional Activities Have Benefited Veterans in Obtaining Employment



Source: Responses to GAO survey by 50 state workforce administrators.

Federal Contractors

Labor has not yet issued updated regulations for federal contractors with regard to affirmative action in hiring veterans, although Labor officials said they plan to issue regulations in 2006. As with the prior Title 38 provision, under JVA, federal contractors are to (1) implement affirmative action in employing qualified veterans, (2) list their employment openings with the appropriate employment service delivery system, and (3) submit an annual report on their hiring and employment of qualified veterans. However, JVA amended the Title 38 provision by raising the dollar amount of covered contracts from \$25,000 to \$100,000 and by modifying the categories of veterans to which this provision applies by creating a new definition of "covered veteran." In addition, the law added another reporting requirement to the annual report, providing that contractors must report the total number of all current employees in each job category and at each hiring location. JVA provides that these amendments apply to contractors with federal contracts of \$100,000 or more entered into on or after December 1, 2003.

As under the prior Title 38 provision, JVA requires Labor to issue regulations implementing these requirements. Labor has not yet issued updated regulations, but VETS officials said that Labor plans to issue regulations that would, among other things, clarify the new categories of covered veterans. In the meantime, Labor has issued guidance stating that

contractors receiving contracts before December 1, 2003, are subject to existing regulations and reporting categories of veterans. For contracts awarded on or after December 1, 2003, of \$100,000 or more, the guidance states that contractors are not required to file the annual report until VETS has completed its regulatory clearance process and new regulations are published implementing the changes made by JVA.

Two Labor agencies are responsible for issuing regulations covering these requirements—VETS and the Office of Federal Contract Compliance Programs (OFCCP)—but action has been delayed because of a lack of consensus and coordination within Labor on how to implement and enforce them, according to officials. On the basis of their experience, VETS officials were concerned about the feasibility and usefulness of the contractor requirements. They said that there is no central repository of contractors to identify which ones are subject to the requirements, that the reporting requirements are burdensome for employers, and they are not relevant in evaluating the program’s effectiveness. Further, VETS officials said that they lack enforcement authority over contractors that do not comply. Instead, OFCCP has this authority.

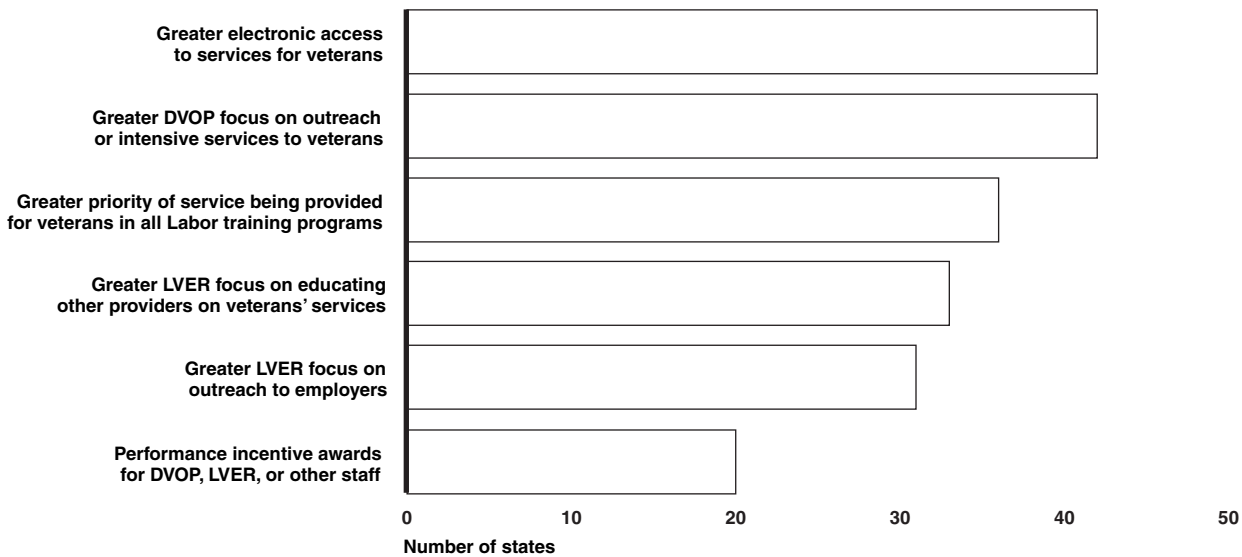
VETS has nevertheless drafted regulations requiring contractors to report on their veteran hiring practices, and OFCCP has drafted regulations concerning affirmative action and job listings. Pending OMB approval, they will be issued in early 2006, according to Labor officials. Advocates from veterans service organizations believe that regulations are necessary to ensure federal contractor compliance, and state workforce administrators from 18 states agree—reporting that half or fewer local workforce offices had been able to increase the number of federal contractor jobs they could list and fill since JVA was enacted.

States Report Good Progress Implementing JVA, but Challenges Remain in Certain States and Local Areas

State workforce agency administrators report good progress in implementing JVA provisions, but challenges remain in certain states and local areas. During the first year of JVA implementation, state workforce agencies were required to transition veterans’ staff to their new roles and responsibilities, establish the incentive program to enhance staff performance, and implement priority of service to veterans in Labor training programs. The majority of state workforce administrators reported that three-fourths or more of local offices had transitioned veterans’ staff to their new roles through greater focus on intensive services and employer outreach. (See fig. 4.) State administrators also reported the most progress in providing electronic services to veterans

and least progress in establishing incentive programs for improving service to veterans.

Figure 4: State Actions to Implement JVA in more than 75 Percent of Local Offices or One-Stop Centers, as of October 2005



Source: Responses to GAO survey by 50 state workforce administrators.

Staff Roles and Responsibilities

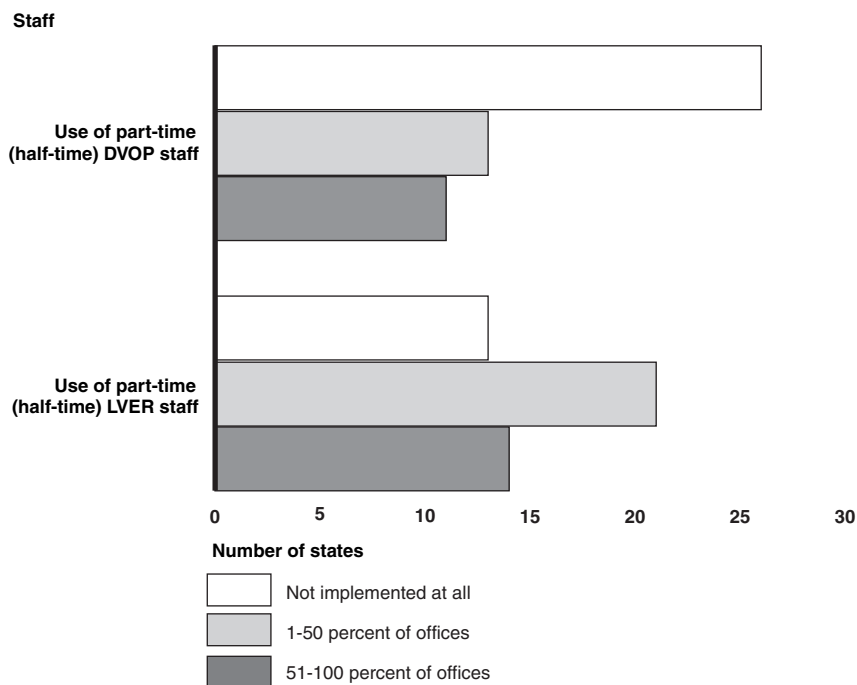
The majority of state workforce administrators reported that veterans' staff had transitioned to a greater focus on intensive services and employer outreach in most local offices. However, a minority reported using JVA's flexibility to establish part-time¹³ veterans' staff positions. Also, integration of veterans' staff into the one-stop centers was still problematic in some offices. Our survey data showed that 22 states had part-time DVOP staff, 33 used part-time LVER staff, and 17 had part-time positions for both types of staff. (See app. V for information on states' use of full- and part-time veterans' staff.) VETS officials from several states we visited told us that having the flexibility to use part-time DVOP and LVER staff allowed the state to provide veterans' services in more locations and reach more veterans in the community, including those in remote rural areas. However, some other state and local workforce officials told us that part-time staffing could, in some cases, hamper service to veterans,

¹³ Labor's guidance defines part-time DVOP and LVER positions as half-time positions.

particularly if more than 50 percent of such time were devoted to performing office duties such as staffing the reception desk and answering the phone.

The use of part-time veterans' staff was limited. For example, just over half of the states reported not using any part-time DVOP staff in their local offices, and over a quarter did not use any part-time LVERs. (See fig. 5.) One reason may be lack of guidance in this area. About one-quarter (12 states) of state workforce administrators responding to our survey characterized Labor's guidance and technical assistance for making effective use of part-time veterans' staff as fair or poor.

Figure 5: Use of Part-Time Veterans' Staff in Local Offices



Source: Responses to GAO survey by 50 state workforce administrators.

Finally, Labor officials said that integrating veterans' staff into the one-stop offices has been a persistent challenge and can hinder services to veterans. According to the DVOP and LVER staff we interviewed, the degree of their integration has varied widely in local areas and has depended on the level of support from the one-stop managers of veterans' programs. For example, one DVOP staff member we interviewed told us that the veterans' program is highly integrated with the WIA program in

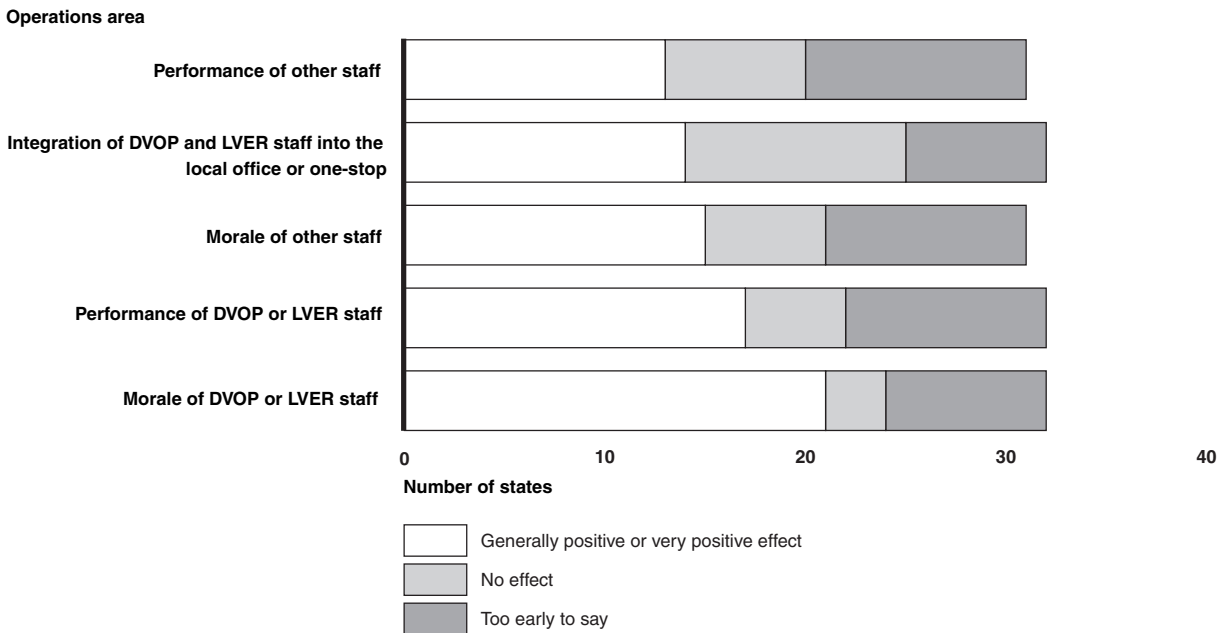
her local one-stop, with both DVOP and WIA staff sharing case management responsibilities for veterans. In addition, she participates in regular meetings with the other one-stop partners. She attributed this cohesion to her manager's commitment to work cooperatively with all the partners. In contrast, a DVOP staff member from another state told us that his manager sometimes resented veterans' staff because they do not serve nonveteran clients or help with other one-stop activities.

Another reason cited by veterans' staff for poor levels of integration was that other one-stop staff members were not educated or trained to serve veterans. In addition, Labor's guidance and technical assistance to integrate veterans' staff within the one-stop was ranked only fair or poor by more than one-quarter of state workforce administrators responding to our survey. Some states have taken action to mitigate the challenges. Ohio workforce officials, for example, requested the National Veterans' Training Institute to come to their state and conduct orientation training for all one-stop partners, identifying the training as a best practice, in part to address integration challenges. Individual one-stop centers in such states as Ohio and California have also taken steps to enhance integration. They have cross-trained other partner staff on serving veterans and veterans' staff may potentially conduct orientation and job search workshops for mixed groups of job-seekers that included veterans.

Incentive Awards Program

Nationwide, 32 of the 50 state workforce administrators we surveyed reported implementing an incentive awards program for veterans' services. Incentives were perceived by some as effective in improving veterans' services in the state. For example, administrators in 16 states with award programs in place reported that their program had a positive effect on improving or modernizing veterans' services. The remaining 7 administrators either said that their incentive programs had no effect and 8 believed it was still too early to say. Although most states had included other one-stop partners in their incentive award programs, at least 10 respondents reported that the incentive program either had no effect on improving staffs' performance, morale, or integration with veteran's staff or that it was too early to tell. (See fig. 6.)

Figure 6: Effect of Incentive Award Program on Staff Integration, Morale, and Performance



Source: GAO survey responses from 50 state workforce administrators.

In the five states we visited, VETS and workforce officials told us the incentive program was a good concept. However, not all had implemented the program. In fact, 17 states have reported not implementing the incentive program.¹⁴ For example, California has cited state laws prohibiting monetary or other gifts to employees for performing their duties. In Alaska, Iowa, New Hampshire, and Massachusetts, the 2005 state plans indicated that performance incentive awards were incompatible with the states' collective bargaining agreements. Idaho, on the other hand, cited potential morale problems among nonveteran staff with limited opportunities to serve veterans and was exploring other options for creating incentives. VETS officials said that they withhold the incentive program money from states that do not implement the program.

¹⁴ These states were Alaska, California, Connecticut, Georgia, Hawaii, Idaho, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, New Hampshire, North Carolina, Oklahoma, Pennsylvania, and Rhode Island. While the survey respondent from Montana did not report information for this question, the state's fiscal year 2005 plan notes that Montana will not implement an incentive program. Collectively, these states accounted for about \$526,000 (34 percent) of incentive award funding in fiscal year 2005.

States that implemented the incentive program have made awards in different ways. In one state, a one time cash award of \$1,000 was divided among all one-stop staff, amounting to as little as \$16 each. By contrast, some DVOP staff told us that in another state, individuals received as much as \$4,000 each. Incentives for staff in one state we visited were based on nominations by supervisors using performance data, while supervisors in another state were relying on staff to nominate themselves. VETS officials told us that some states had been more successful than others in designing their awards program and acknowledged it would be beneficial to disseminate their ideas and practices.

Priority of Service

Workforce administrators in 36 states reported that one-stop centers were giving priority of service to veterans entering Labor's training programs. However, administrators from 11 other states reported that less than half of local offices were providing priority to veterans. Whether this has affected veterans' ability to participate in these programs is not known. Only four state workforce administrators reported that waiting lists for Labor training programs impeded employment to a great or very great extent. In contrast, the other 46 state administrators reported waiting lists were a factor to a lesser extent, so that veterans would not necessarily have to be prioritized over other job seekers.

If training resources were to fall short of demand, however, Labor's guidance would be insufficient for determining who would receive service priority, according to some local one-stop officials we met with. Moreover, a 2004 Urban Institute study conducted for Labor reported that employment services staff need more training on how to implement priority of service across programs.¹⁵ ETA issued specific program guidance to states on its Web site in 2004, but some workforce officials were not aware that ETA had posted additional guidance, and other officials still found ETA's guidance confusing and incomplete. ETA officials told us that they do not plan to issue any further guidance until WIA is reauthorized, at which time they plan to respond to all state feedback by issuing a consolidated document for all their training programs. However, it is not known when WIA will be reauthorized or when the consolidated guidance will be issued. ETA officials said that until then, they would work to educate service delivery staff by means of national conferences and promotional activities at the one-stop centers about how to give priority to veterans.

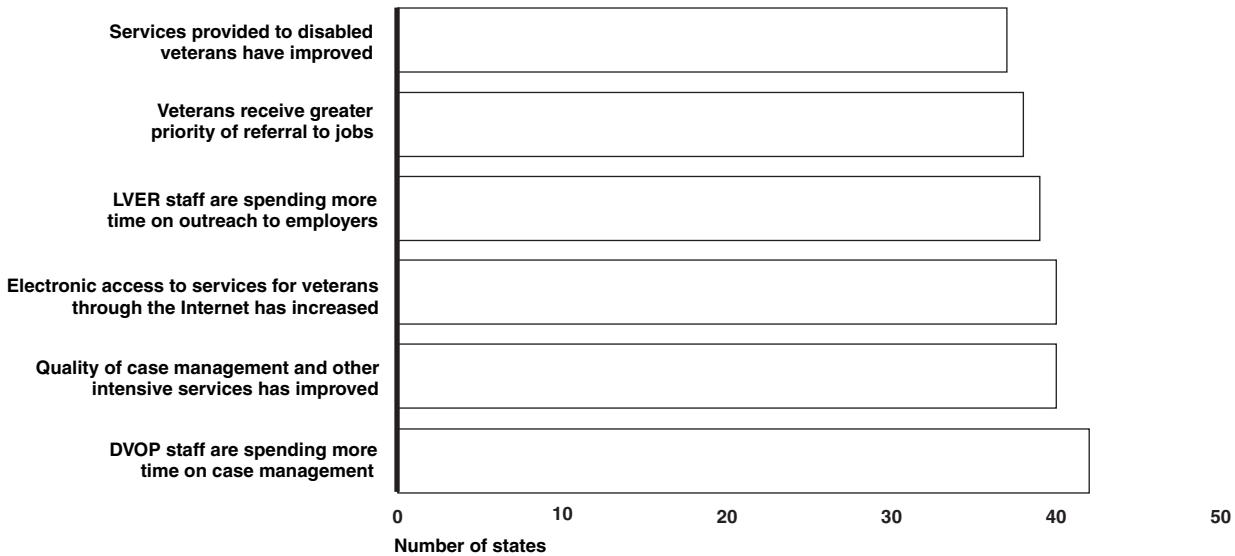
¹⁵ The Urban Institute, *Strategies for Implementing Priority of Service to Veterans in Department of Labor Programs* (Washington, D.C.: 2004).

State Administrators Reported Improvement in Veterans' Services and Employment Outcomes

According to VETS data we examined, 46 states have met their negotiated goals for veterans' employment outcomes under the DVOP program and 42 states have met similar goals under the LVER program. While it is too early to determine whether or how JVA's reforms are responsible, most state workforce administrators we surveyed believed that the reforms have improved the quality of services to veterans, including disabled veterans, and have improved their employment outcomes. They credited the greater availability of case management services under JVA for much of the improvement in employment. State administrators reported, on the other hand, that federal contractor failure to list job openings at the local one-stop centers was most likely to delay or prevent some employment. Aside from the new law, administrators considered some non-JVA factors as significant for veterans' employment success, including the willingness of employers to hire veterans and the strength of the local job market.

In their responses to our survey, many state workforce administrators associated JVA reforms with improvements. Overall, 33 of the 50 state workforce administrators reported that veterans' employment services have improved in their respective states since enactment of the law. They most often reported that DVOPs were spending more time on case management since JVA, although somewhat fewer states reported that services to disabled veterans had similarly improved. (See fig. 7.)

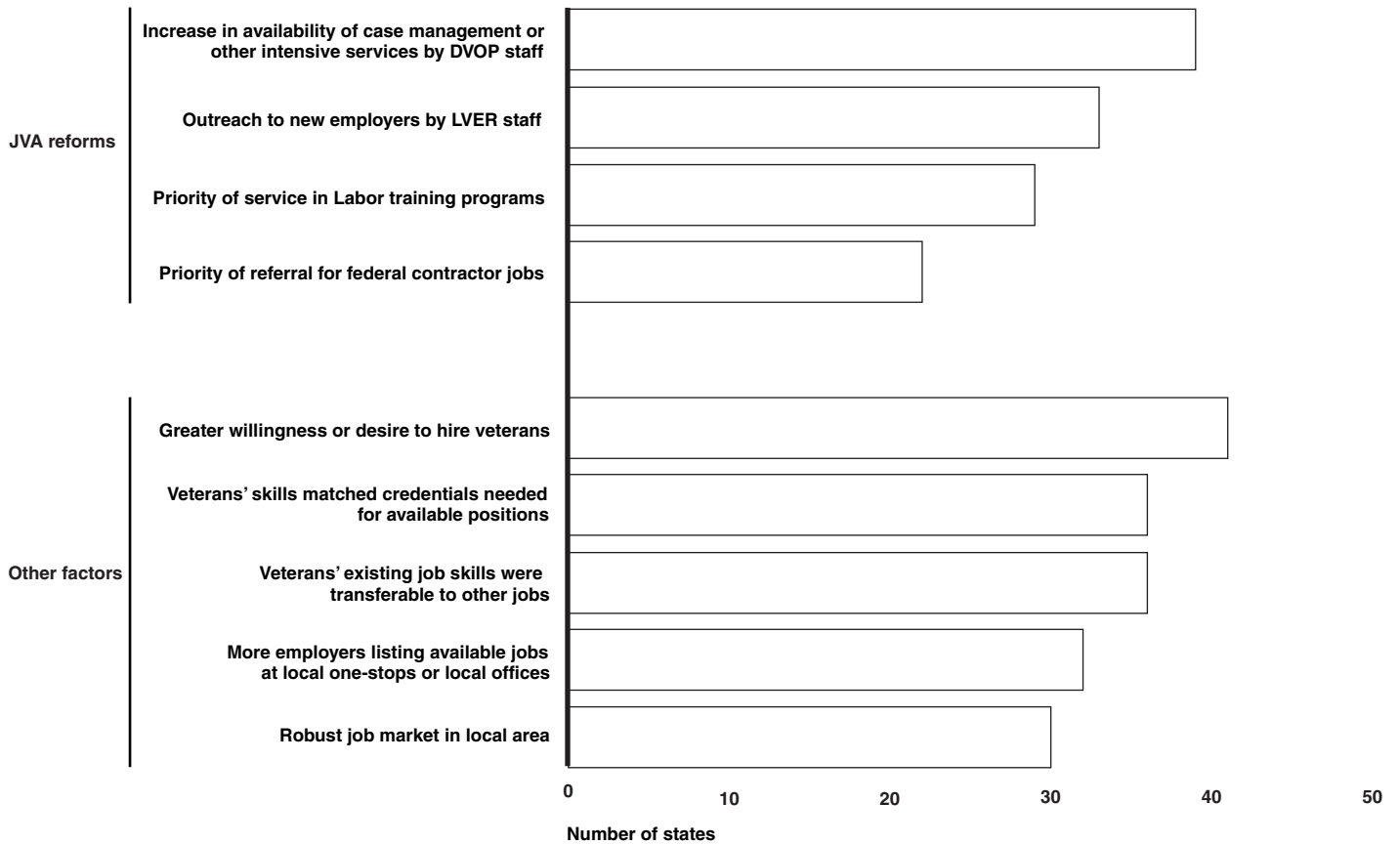
Figure 7: Improvements in Services to Veterans since JVA Was Enacted



Source: Responses to GAO survey by 50 state workforce administrators.

Regarding actual employment results, 33 state workforce administrators also reported improvement. These respondents attributed the improvement both to the law’s reforms and to other factors. The reform cited most often as helping veterans obtain employment was the increased availability of case management or other intensive services through the DVOP program (39 states). (See fig. 8.) The reform least cited was the requirement to give priority to veterans in referrals to federal contractor jobs. Only 22 state administrators said it had improved outcomes. Beyond the reforms themselves, administrators said veterans’ employment was influenced by employer willingness or desire to hire veterans and by the strength of the local job market. They reported that employment was also influenced by the transferability of veterans’ existing skills to other jobs.

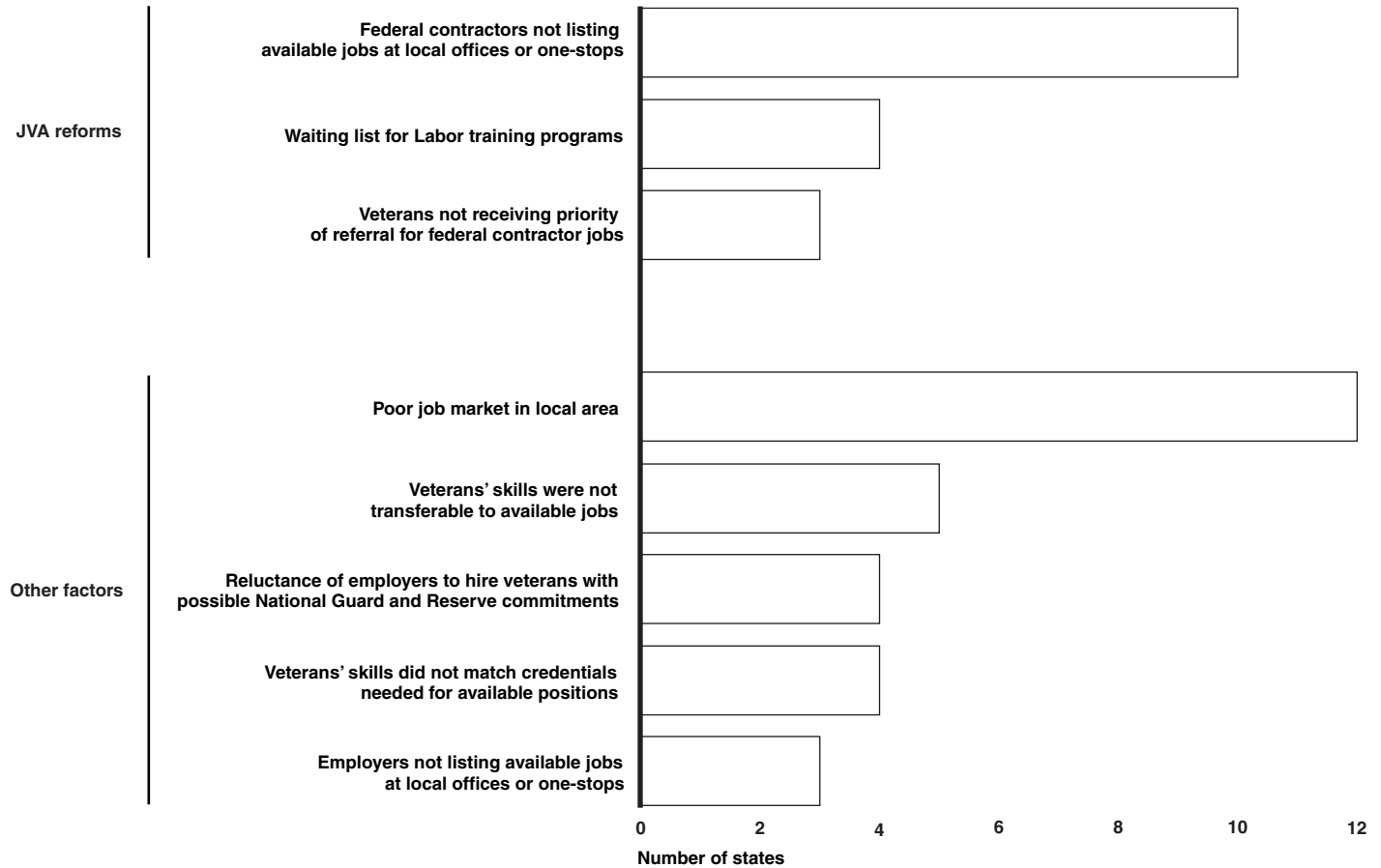
Figure 8: Factors That Assisted Veterans in Obtaining Employment



Source: Responses to GAO survey by 50 state workforce administrators.

State workforce administrators also reported what they viewed as obstacles to employing veterans. Specifically, lack of federal contractor listing of job openings, as required under law, was most likely to delay or prevent employment. (See fig. 9.) Other obstacles, such as veterans not receiving priority of referral for federal contractor jobs and waiting lists for training programs, were cited less than half as often. Non-JVA factors also presented obstacles to employment, the most frequent one being a poor local job market. This factor was cited nearly more than twice as often as other factors, such as non-transferability of veterans' skills to available jobs or employer reluctance to hire veterans with National Guard or Reserve commitments.

Figure 9: Factors That Delayed or Prevented Veterans from Obtaining Employment



Source: Responses to GAO survey from 50 state workforce administrators.

Absence of Local Level Data and Lack of Coordinated Oversight Weaken Program Accountability

While VETS directors in 26 states reported that their monitoring role had strengthened local performance accountability, the remainder reported no effect or a negative effect. In our survey, 21 state VETS directors reported that key veterans employment data are not collected at the local level or available through other means. Performance accountability is also weakened by the lack of coordinated oversight among Labor agencies responsible for implementing JVA reforms and by the absence of a strategy for using monitoring results to improve program performance and help states that lag behind.

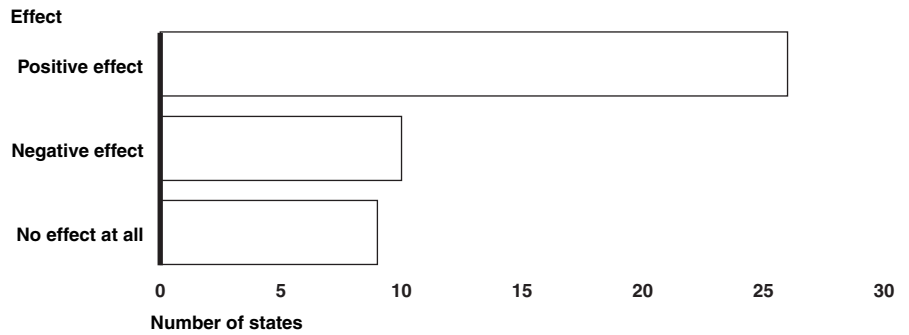
Unavailability of Performance Data at Many Local Offices Weakens Accountability

Under JVA, states took on greater responsibility for assessing their own performance, and while VETS modified its monitoring practices in response, the unavailability of local level performance data in many states has limited federal oversight and weakened local level accountability. Prior to JVA, the law required VETS directors to annually review every local employment service office or one-stop center where DVOP or LVER staff were located. Since JVA's enactment, however, VETS directors review states' own assessments of performance and are required to visit each local office once every 5 years. VETS completed its first round of monitoring in 2004 using four primary review tools:

- State JVA plans for compliance with program requirements;
- Annual state self-assessments to ensure the approved state plan is being effectively implemented, determine the state's progress toward meeting its performance goals, identify technical assistance and training needs, and identify best practices;
- State quarterly performance and management reports on veterans' services and employment outcomes; and
- Annual site visits to 20 percent of local offices within each state to validate information in self-assessments.

State VETS directors responding to our survey most often reported that their monitoring role under JVA has had a positive effect on local accountability. (See fig. 10.) Specifically, 27 state directors reported their monitoring role had a positive effect on local accountability. However, 19 directors reported their monitoring role either had no effect or a negative effect on local accountability.

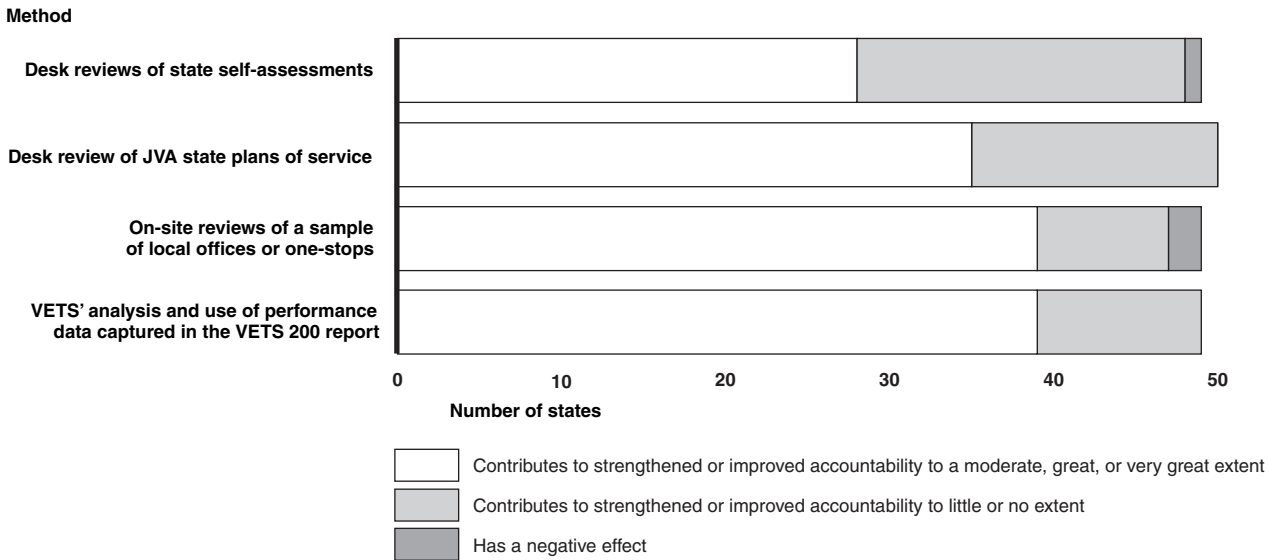
Figure 10: Extent That VETS' New Monitoring Role Strengthened Performance Accountability at the Local Level



Source: Responses to GAO survey by Labor's 46 Directors of Veterans Employment and Training Services.

Some monitoring approaches were regarded as more effective than others. The most beneficial were analysis and use of data captured in states' performance reports, along with on-site reviews of local offices. (See fig. 11.) For example, more than half of 51 state VETS directors said that analyzing the performance reports had improved accountability. Cited by only 15 directors, state self-assessments were considered the least beneficial tool. Respondents from the remaining states reported that their monitoring activities had little to no effect—or had a negative effect—on performance accountability.

Figure 11: Extent to Which VETS' Monitoring Tools Strengthened Performance Accountability



Source: Responses to GAO survey by Labor's 51 Directors of Veterans Employment and Training Services.

Despite the reported benefits of analyzing performance data reports and visiting local offices, however, data were not always available to help monitor local offices, limiting federal oversight and weakening local level accountability. For example, VETS directors in 21 states noted that VETS 200 performance data were not available at the local level. In these states, federal oversight of local office performance may be limited to the on-site monitoring visits required once every 5 years.

Lack of Coordinated Oversight among Labor Agencies also Weakens Accountability

Labor's several agencies responsible for carrying out JVA reforms have not coordinated their monitoring activities to ensure consistent and timely oversight, or used information collected through their monitoring to help states in greatest need of assistance. For example, the five Labor agencies¹⁶ operating the 23 training programs required to provide service priority to veterans did not work together to determine what type of

¹⁶The five Labor agencies are Employment and Training Administration, Veterans' Employment and Training Service, Women's Bureau, Office of Disability Employment Policy, and Bureau of International Labor Affairs.

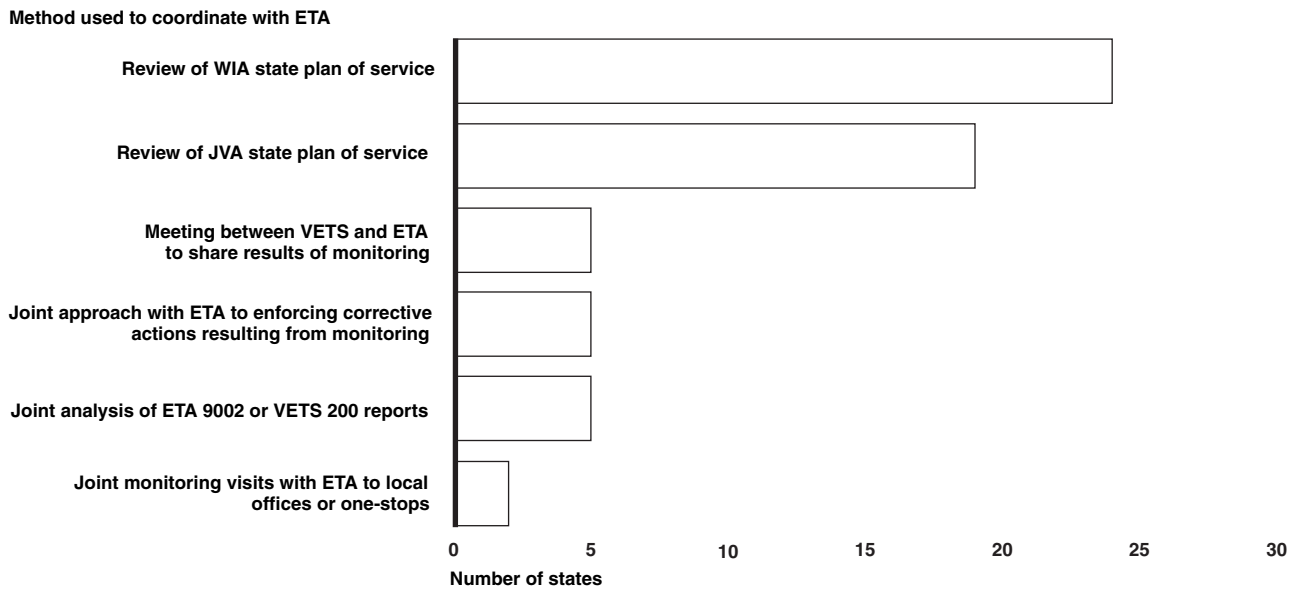
oversight would be needed to ensure that grantees comply with the law. Nor have they established common reporting requirements.¹⁷

Similarly, the two Labor agencies responsible for implementing federal contractor requirements have not coordinated their monitoring efforts, despite VETS' limited enforcement authority. VETS collects reports from federal contractors on their veteran hiring and employment practices, but VETS officials told us that only the Office of Federal Contract Compliance Programs (OFCCP) has enforcement authority. Thus, if a contractor fails to submit an annual report, VETS cannot take action against the contractor and must rely on OFCCP to address the issue during its compliance review. VETS directors in two states we visited said that coordination between the two agencies was lacking and they had seen little evidence of monitoring and enforcement by the compliance office.

Similarly, the lack of coordination between VETS and ETA has weakened oversight of the DVOP and LVER programs. While VETS is responsible for monitoring both programs, ETA oversees other workforce programs that serve veterans and nonveterans, such as WIA and Wagner-Peyser Employment Services. However, the two agencies do not generally coordinate their monitoring activities or share the results. State VETS directors responding to our survey said that some coordination occurs between VETS and ETA when they review state plans for compliance with JVA and WIA, but it is less likely to occur during other types of monitoring activities. Although about half of state VETS directors reported that they coordinated with ETA on reviewing state plans, only five said that they met with them to share the results and take joint action. (See fig. 12.)

¹⁷Some states have taken action to coordinate monitoring activities among programs. Louisiana state workforce officials, for example, established a two-person monitoring division that reviews all aspects of veterans' services, including whether they are receiving priority, regardless of which program serves them. Following the site visit, the monitoring unit provides immediate training and technical assistance based on its findings.

Figure 12: Methods Used to Coordinate Monitoring Activities between VETS and ETA



Source: Responses to GAO survey by Labor's 51 Directors of Veterans Employment and Training Services.

Finally, VETS lacks a strategy for using the information it gathers in monitoring programs to improve performance across states and local areas, according to officials. While Labor has authority under JVA to provide technical assistance to states that are deficient in performance or need help, VETS has yet to begin addressing the significant variation in performance levels among states, as reflected by their widely divergent goals negotiated with VETS. For example, in program years 2004 and 2005, states' negotiated goals for the rate at which veterans entered employment, ranging from 38 to 65 percent, depending on past performance, while Labor's national employment goal for veterans was 58 percent.¹⁸ Although more than half of the state goals were short of Labor's target, nationally, VETS has not been proactive in determining why certain states are falling behind and in targeting them for assistance. Decisions on how to support states remain with the individual state VETS directors who must work without the overview and insight of national information.

¹⁸Labor's national goal applies to all programs that serve veterans and is distinct from the JVA requirement to set a national minimum standard for veterans served by the DVOP and LVER programs.

Conclusions

The employment reforms under JVA represent a significant shift for veterans' employment and training services, not only because they changed how services are provided through DVOP and LVER staff, but also because they provided more latitude to states in implementing the law, allowing them to tailor service delivery to best meet the needs of their veteran job seekers. Our work suggests Labor and states are making steady progress in implementing most JVA provisions. However, the transition of DVOP and LVER roles and responsibilities, along with establishing and monitoring a new performance accountability system, may take years to achieve and fine-tune. For those states with an incentive award program, the wide variation in methodology for awarding incentives suggests that states could benefit from strategies on how best to implement their programs. Similarly, strategies are needed to address the long-standing challenge states have faced in integrating veterans into their service delivery system. Without clear guidance, veterans' service providers may work in isolation from other providers, hindering staff from leveraging the full array of resources available to assist veteran job seekers. In addition, if waiting lists for Labor training programs become more prevalent, clear guidance and reporting of how well programs are providing priority of service to veterans will become especially important. VETS questions the effectiveness of federal contractor reporting requirements and Labor has not yet issued updated regulations; yet states cite lack of contractor job listings as the most likely factor to limit employment opportunities for veterans. In the absence of Labor actions to improve the ability of states and local areas to identify contractors who are subject to the requirement and enforce compliance, additional employment opportunities for veterans may be missed.

The flexibility states and localities have to implement JVA allows them to try innovative ways to best meet the needs of veterans in their area. By the same token, greater flexibility underscores the need for greater accountability to ensure that programs are on the right track in serving clients. Such accountability can be facilitated by robust monitoring and information systems at the state and local levels that can highlight areas in which states and localities are lagging behind. Accountability can be hindered, however, by failure to tailor the type and intensity of monitoring to the relative strength or weakness of local offices and states, as well as differences in the availability of local level information. Similarly, in the absence of a coordinated approach to guiding and monitoring veterans' services among Labor agencies, programs may not be consistently implementing JVA's reforms or be held accountable for doing so.

Recommendations for Executive Action

To better ensure that Labor workforce programs are serving veterans as required by JVA, we recommend that Labor agencies collaborate to:

- Provide states and local areas with clear guidance and assistance for providing priority of service for all veterans and integrating veterans' staff into the one-stops or other workforce centers.
- Disseminate best-practice information to states on methodologies to award meaningful performance incentives.
- Monitor the extent to which all Labor workforce programs are providing priority of service to veterans.
- Strategically use monitoring results to target guidance and technical assistance to states and local areas most in need of improved performance.

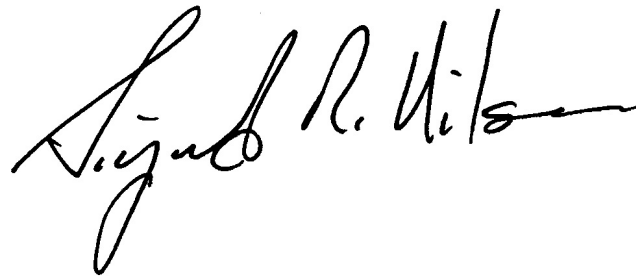
To achieve results from JVA's provisions regarding veteran hiring practices of federal contractors, Labor should issue regulations as soon as possible and explore effective methods of enforcement.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of Labor for its review and comment. Labor's comments are reproduced in appendix VI. In its comments, Labor concurred with our findings and recommendations and noted that its two agencies with primary responsibility for employment assistance to veterans, VETS and ETA will be working together to better coordinate their efforts to assist veterans. Specifically, Labor concurred that additional actions are needed to better integrate veterans' staff into one-stop centers, share best practices for awarding performance incentives, monitor priority of service for veterans, and use monitoring results to improve program performance. In addition, Labor said it would expedite issuing federal contractor regulations and explore effective methods of regulation enforcement. Further, while Labor generally concurred with our recommendation to provide clear guidance and assistance for providing priority of service for veterans, Labor stated that it believes priority of service has been implemented more fully than the report indicates, citing publication of guidance for 15 programs on its Web site and the launch of an initiative designed to raise awareness among veterans and one-stop center professionals. Our report discusses the extent of Labor's actions in issuing guidance, but our assessment, as well as opinions from some state and local officials, is that Labor guidance on priority of service for its 23 workforce training programs has been uneven and sometimes insufficient.

We will send copies of this report to the Secretary of Labor, relevant congressional committees, and other interested parties. Copies will be made available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

Please contact me at (202) 512-7215 if you or your staff have any questions about this report. 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 major contributors to this report are listed in appendix VII.

A handwritten signature in black ink, reading "Sigurd R. Nilsen". The signature is written in a cursive style with a large, looping initial "S".

Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

The objectives of this report were to determine (1) the implementation status of the key provisions and any associated challenges, (2) what is known about services and outcomes since the law's enactment, and (3) how accountability has changed for the Disabled Veterans' Outreach and Local Veterans' Employment Representative programs.

To address each of these objectives, we

- conducted two Web-based surveys, the first one surveying all 50 states and the District of Columbia workforce administrators and the second surveying the Department of Labor's Directors of Veterans' Employment and Training Services (VETS) in the 50 states and the District of Columbia;
- conducted site visits to state workforce agencies and local employment offices and one-stop centers, as well as state Directors of VETS offices in five states; and
- interviewed representatives of national organizations with expertise in the issues of veterans' employment, including staff of the President's National Hire Veterans Committee.

More detailed information on each of these aspects is presented below. We conducted our work in accordance with generally accepted auditing standards between January and November 2005.

Survey Development and Implementation

Our survey of state workforce administrators as well as our survey of Directors of VETS addressed all three objectives and included questions about implementation of the Jobs for Veterans Act, its impact on services and outcomes, performance accountability, and monitoring.

The surveys were developed based on knowledge obtained during our preliminary research. This included a review of pertinent literature and interviews with members and representatives of organizations that conduct research on and perform policy analysis of veterans' employment issues and programs. We also conducted a site visit to the state workforce agency and the VETS office in the state of Washington to obtain an understanding of veterans' employment programs and how the state uses them to increase employment among veterans. The surveys were pretested with cognizant state veterans' employment officials and state Directors of VETS in Washington, Colorado, and North Carolina to determine whether respondents would understand the questions the way they were intended. Revisions were made to the surveys based on comments received during the pretests.

We sent notifications of the Web-based survey in July 2005 and followed up with additional e-mail messages and telephone calls as necessary during August and September. In October, we closed data collection for both surveys. At that time, all Directors of VETS had responded to their survey and 50 of the 51 state workforce administrators had done so. (The District of Columbia did not complete the survey.) We did not independently verify information obtained through the survey.

Because we surveyed state workforce administrators and VETS directors in all 50 states and the District of Columbia, no sampling error is associated with our work. However, nonsampling error could figure into any data collection effort and involves a range of issues that could affect data quality and introduce unwanted variability into the results. We took several steps to minimize nonsampling errors. For example, GAO survey methodologists and staff with subject matter expertise collaboratively designed both Web-based survey instruments. Each of the surveys was pretested in three states to ensure that the Web-based surveys were relevant, clear, complete, and easy to comprehend. To the extent possible, we compared the responses we received on the surveys with our site visit observations.

Data from the two Web-based surveys were converted into separate databases and analysis was performed. Finally, a second, independent analyst checked all computer analyses.

Site Visits to State Workforce Agencies and Directors of VETS

To obtain a detailed understanding of the impact of the Jobs for Veterans Act on states and the activities of the Directors of VETS, we conducted visits to five states. We visited the state of Washington in the preliminary phase of our work and four other states—California, Florida, Louisiana, and Ohio—in a later phase. We selected these states on the basis of several criteria including geographic dispersion, range of sizes as determined by funding allocation, whether the state had implemented JVA's incentive award program, and recommendations by Labor, veterans' service organizations, and the National Association of State Workforce Agencies. On the basis of these organizations' recommendations, we then chose two local one-stop centers that were either far along in implementation or were facing some challenges. Our site visits at the state level included interviews with officials from the state workforce agency and VETS; at the local level, we interviewed one-stop management and staff, including veterans' staff.

During each of these interviews, we used a standard interview protocol that enabled us to obtain more detailed—yet comparable—information

than states were able to provide in the survey. In our interviews with the state workforce agency, we discussed the status of implementation of the Jobs for Veterans Act, the incentive awards program, monitoring of local employment offices and one-stops for priority of service and the use of part-time DVOP and LVER staff. At the local offices, we discussed the implementation of the act, its impact on veterans' employment, specific benefits the act achieved, and obstacles to the complete implementation of the act's provisions. Finally, we interviewed Directors of VETS and their staff, discussing the changes in monitoring one-stops and local employment offices, the accountability of local offices and one-stops, and coordination between VETS and ETA. Our site visit work was conducted between April and August 2005.

Other Work

As part of our work, we reviewed pertinent literature and interviewed representatives of the following organizations:

- National Veterans' Training Institute in Denver, Colorado;
- Veterans' staff from 24 states attending the training institute;
- President's National Hire Veterans Committee;
- National Association of State Workforce Agencies;
- The following Labor agencies: VETS, ETA, Office of Federal Contract Compliance Programs, Women's Bureau, Office of Disability Employment Policy, and Bureau of International Labor Affairs; and
- The following veterans' service organizations: Disabled American Veterans, Paralyzed Veterans of America, Veterans of Foreign Wars of the United States, and Vietnam Veterans of America.

Appendix II: Comparison of DVOP and LVER Grant Funding, Fiscal Years 2003 and 2005

State	2003 actual budget allocation (base)	2005 actual budget allocation (base)	Percentage change
States receiving 5 percent or more increase in funding from 2003 to 2005			
Arizona	\$1,767,000	\$2,929,000	66
Delaware	382,000	444,000	16
Florida	7,439,000	8,507,000	14
Georgia	3,219,000	4,336,000	35
Kansas	1,394,000	1,523,000	9
Kentucky	1,587,000	2,281,000	44
Louisiana	1,564,000	2,319,000	48
Mississippi	1,222,000	1,476,000	21
Nevada	1,239,000	1,299,000	5
New Jersey	3,275,000	3,927,000	20
North Carolina	3,984,000	4,722,000	19
South Carolina	1,854,000	2,467,000	33
Tennessee	2,313,000	3,206,000	39
Texas	9,393,000	11,602,000	24
Utah	881,000	1,042,000	18
Virginia	3,368,000	3,861,000	15
States receiving about the same amount of funding in 2003 and 2005			
California	18,114,000	17,749,000	-2
Colorado	2,520,000	2,625,000	4
Indiana	3,074,000	3,130,000	2
Washington	4,052,000	4,154,000	3
States receiving 5 percent or more decrease in funding from 2003 to 2005			
Alabama	2,438,000	2,316,000	-5
Alaska	687,000	520,000	-24
Arkansas	1,695,000	1,430,000	-16
Connecticut	2,963,000	1,904,000	-36
District of Columbia	475,000	444,000	-7
Hawaii	755,000	598,000	-21
Idaho	936,000	779,000	-17
Illinois	7,957,000	6,536,000	-18
Iowa	2,333,000	1,497,000	-36
Maine	1,040,000	763,000	-27

**Appendix II: Comparison of DVOP and LVER
Grant Funding, Fiscal Years 2003 and 2005**

State	2003 actual budget allocation (base)	2005 actual budget allocation (base)	Percentage change
Maryland	3,125,000	2,887,000	-8
Massachusetts	3,345,000	3,092,000	-8
Michigan	6,634,000	5,439,000	-18
Minnesota	3,414,000	2,698,000	-21
Missouri	3,641,000	3,342,000	-8
Montana	815,000	536,000	-34
Nebraska	964,000	887,000	-8
New Hampshire	815,000	729,000	-11
New Mexico	1,107,000	990,000	-11
New York	10,561,000	8,355,000	-21
North Dakota	606,000	444,000	-27
Ohio	8,436,000	6,308,000	-25
Oklahoma	2,325,000	1,862,000	-20
Oregon	2,503,000	2,363,000	-6
Pennsylvania	7,662,000	6,472,000	-16
Rhode Island	642,000	534,000	-17
South Dakota	527,000	444,000	-16
Vermont	623,000	444,000	-29
West Virginia	1,018,000	931,000	-9
Wisconsin	3,221,000	3,063,000	-5
Wyoming	494,000	444,000	-10
Total	\$156,398,000	\$152,650,000	

Source: Labor's VETS.

Appendix III: State Incentive Award Allocation and Expenditures, Fiscal Year 2004

State	Allocation	Expended	Unexpended
Alabama	\$23,780	\$18,590	\$5,190
Alaska	5,500	0	5,500
Arizona	29,000	29,000	0
Arkansas	13,970	0	13,970
California	179,240	0	179,240
Colorado	24,230	0	24,230
Connecticut	23,700	14,200	9,500
Delaware	4,465	0	4,465
District of Columbia	4,400	0	4,400
Florida	83,010	81,284	1,726
Georgia	36,050	36,050	0
Hawaii	6,200	0	6,200
Idaho	8,070	0	8,070
Illinois	65,150	59,498	5,652
Indiana	35,109	35,109	0
Iowa	18,660	0	18,660
Kansas	15,410	0	15,410
Kentucky	22,560	14,571	7,989
Louisiana	24,760	0	24,760
Maine	8,320	8,316	4
Maryland	29,727	10,000	19,727
Massachusetts	28,770	0	28,770
Michigan	53,070	0	53,070
Minnesota	27,310	0	27,310
Mississippi	15,250	15,925	-675
Missouri	31,580	0	31,580
Montana	6,520	0	6,520
Nebraska	8,840	0	8,840
Nevada	12,590	0	12,590
New Hampshire	7,140	0	7,140
New Jersey	38,200	27,053	11,147
New Mexico	9,832	9,832	0
New York	84,490	3,704	80,786
North Carolina	47,610	0	47,610
North Dakota	4,850	4,493	357
Ohio	67,490	0	67,490

**Appendix III: State Incentive Award
Allocation and Expenditures, Fiscal Year 2004**

State	Allocation	Expended	Unexpended
Oklahoma	\$18,600	\$0	\$18,600
Oregon	22,550	0	22,550
Pennsylvania	66,100	0	66,100
Rhode Island	5,320	0	5,320
South Carolina	24,430	24,180	250
South Dakota	4,390	0	4,390
Tennessee	31,670	32,740	-1,070
Texas	110,580	95,468	15,112
Vermont	5,030	2,700	2,330
Virginia	38,150	33,392	4,758
Washington	41,330	35,244	6,086
West Virginia	9,850	7,386	2,464
Wisconsin	30,600	21,287	9,313
Wyoming	4,390	0	4,390
Total	\$1,528,203	\$630,097	\$898,106

Source: Labor's VETS.

Appendix IV: State-Negotiated Goals for Veterans Entering Employment through the DVOP and LVER Programs, Program Years 2004 and 2005

State	DVOP performance goal (percent)	LVER performance goal (percent)
Alabama	56	60
Alaska	51	56
Arizona	60	58
Arkansas	53	53
California	50	51
Colorado	58	59
Connecticut	53	55
Delaware	56	55
District of Columbia	53	58
Florida	61	61
Georgia	65	65
Hawaii	45	42
Idaho	46	59
Illinois	45	46
Indiana	46	54
Iowa	57	57
Kansas	58	60
Kentucky	58	60
Louisiana	55	59
Maine	58	58
Maryland	56	60
Massachusetts	53	60
Michigan	46	48
Minnesota	50	52
Mississippi	58	59
Missouri	48	49
Montana	60	60
Nebraska	64	62
Nevada	55	56
New Hampshire	64	65
New Jersey	54	57
New Mexico	55	60
New York	55	57
North Carolina	56	56
North Dakota	59	63

**Appendix IV: State-Negotiated Goals for
Veterans Entering Employment through the
DVOP and LVER Programs, Program Years
2004 and 2005**

State	DVOP performance goal (percent)	LVER performance goal (percent)
Ohio	50	56
Oklahoma	60	60
Oregon	47	54
Pennsylvania	54	59
Rhode Island	55	56
South Carolina	59	59
South Dakota	58	64
Tennessee	38	38
Texas	58	57
Utah	51	57
Vermont	55	56
Virginia	55	56
Washington	51	54
West Virginia	52	51
Wisconsin	56	58
Wyoming	48	57

Source: Labor's VETS.

Appendix V: States' Use of Full-Time and Part-Time Veterans' Staff

Table 5: Utilization of DVOP Staff

State	Full-time DVOP staff	Part-time DVOP staff	Number of DVOP staff that serve more than one local workforce area in the state
Alabama	16	1	0
Alaska	1	6	0
Arizona	35	0	0
Arkansas	9	0	9
California	123	10	0
Colorado	20	4	4
Connecticut	8	0	0
Delaware	5	0	0
District of Columbia	2	0	0
Florida	66	10	3
Georgia	50	0	0
Hawaii	4	1	0
Idaho	4	2	0
Illinois	38	0	10
Indiana	26	0	0
Iowa	15	0	15
Kansas	12	11	0
Kentucky	10	3	0
Louisiana	14	0	0
Maine	6	0	6
Maryland	25	^a	0
Massachusetts	20	0	4
Michigan	31	0	15
Minnesota	21	4	0
Mississippi	19	12	11
Missouri	19	13	0
Montana	7	3	5
Nebraska	5	^a	0
Nevada	5	4	0
New Hampshire	5	0	2
New Jersey	33	1	0
New Mexico	9	0	0
New York	55	^a	0
North Carolina	22	0	0

Appendix V: States' Use of Full-Time and Part-Time Veterans' Staff

State	Full-time DVOP staff	Part-time DVOP staff	Number of DVOP staff that serve more than one local workforce area in the state
North Dakota	2	0	2
Ohio	58	0	38
Oklahoma	18	0	0
Oregon	18	2	0
Pennsylvania	37	7	^a
Rhode Island	2	1	0
South Carolina	15	8	2
South Dakota	4	9	2
Tennessee	32	^a	2
Texas	86	12	0
Utah	9	^a	0
Vermont	2	0	2
Virginia	35	0	3
Washington	36	0	3
West Virginia	6	0	^a
Wisconsin	23	0	10
Wyoming	1	8	5
Total	1,124	132	153

Source: Survey of Directors of Veterans' Employment and Training Services.

^a Indicates that the respondent did not know the answer to the question.

Appendix V: States' Use of Full-Time and Part-Time Veterans' Staff

Table 6: Utilization of LVER Staff

State	Full-time LVER staff	Part-time LVER staff	Number of LVER staff that serve more than one local workforce area in the state
Alabama	16	2	0
Alaska	2	4	0
Arizona	14	9	1
Arkansas	10	6	14
California	72	19	0
Colorado	14	4	^a
Connecticut	8	^a	0
Delaware	3	0	2
District of Columbia	2	0	0
Florida	56	9	4
Georgia	25	30	0
Hawaii	6	0	0
Idaho	8	5	0
Illinois	31	0	20
Indiana	32	1	0
Iowa	3	0	3
Kansas	10	2	0
Kentucky	15	12	0
Louisiana	16	3	1
Maine	^a	8	0
Maryland	17	^a	0
Massachusetts	19	^a	3
Michigan	29	0	11
Minnesota	14	0	14
Mississippi	0	0	18
Missouri	26	13	0
Montana	1	0	0
Nebraska	3	15	0
Nevada	6	1	1
New Hampshire	6	0	1
New Jersey	13	8	1
New Mexico	10	8	9
New York	50	^a	0
North Carolina	43	35	0

**Appendix V: States' Use of Full-Time and
Part-Time Veterans' Staff**

State	Full-time LVER staff	Part-time LVER staff	Number of LVER staff that serve more than one local workforce area in the state
North Dakota	5	3	5
Ohio	11	0	6
Oklahoma	16	18	0
Oregon	14	9	0
Pennsylvania	33	22	^a
Rhode Island	3	0	1
South Carolina	17	15	0
South Dakota	1	1	2
Tennessee	30	7	3
Texas	91	18	0
Utah	6	7	7
Vermont	2	3	3
Virginia	27	8	0
Washington	24	0	3
West Virginia	6	4	^a
Wisconsin	18	^a	3
Wyoming	1	1	2
Total	885	310	138

Source: Survey of Directors of Veterans' Employment and Training Services.

^a Indicates that the respondent did not know the answer to the question.

Appendix VI: Comments from the Department of Labor

U.S. Department of Labor

Assistant Secretary for
Veteran's Employment and Training
Washington, D.C. 20210



DEC 20 2005

Sigurd R. Nilsen
Director, Education, Workforce and Income Security Issues
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Nilsen:

Thank you for the opportunity to comment on the draft report "Veterans' Employment and Training Service: Labor Actions Needed to Improve Accountability and Help States Implement Reforms to Veterans' Employment Services" (GAO-06-176). The Department of Labor (DOL) generally concurs with the findings of this report and is pleased that the report indicates that DOL is on track in implementing the provisions of the Jobs for Veterans Act (JVA) and also indicates that JVA is reported to have had positive impact on veterans' services and employment outcomes.

Our agencies, the Veterans' Employment and Training Service (VETS) and the Employment and Training Administration (ETA), have primary responsibility for implementing JVA within the U.S. Department of Labor. The key provisions of JVA applicable to our agencies have complementary implications that require ongoing close coordination. For those reasons, we are jointly sharing responsibility for these comments, which are generally structured within the framework of the five Recommendations for Executive Action. Because GAO's first recommendation addresses two areas of application, we have treated those two areas separately in our response.

Provide States and Local Areas with Clear Guidance and Assistance Regarding the Integration of Veterans' Staff into One-Stop Career Centers: DOL concurs with this recommendation. As a structural aspect of the workforce system, it is essential that Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representative (LVER) staff be fully integrated into One-Stop Career Centers so that they can assist veterans to access the full range of workforce services. To improve this important aspect of service integration, VETS and ETA have undertaken two collaborative initiatives and have planned a third. ETA, in partnership with VETS and the Department of Defense, recently launched the "Key to Career Success" initiative to provide clear guidance to One-Stop Career Center staff regarding veterans' issues and priority of service requirements. VETS launched the REALifelines initiative in October 2004 to mobilize One-Stop resources to deliver personalized career development services to veterans and transitioning service members severely injured in the Global War on Terrorism. To support that initiative, VETS collaborated with the Office of the Assistant Secretary for Policy (ASP) to develop a web-based REALifelines Advisor to provide job training information and services through the VETS State Directors and the One-Stop Career Centers. In addition, VETS plans to initiate a sponsored study during this fiscal year to examine the impacts on veterans' services and outcomes of JVA and other

structural realignments underway within the workforce system. A key objective of that study will be to identify specific areas in which clear guidance and assistance are required to improve the integration of DVOP specialists and LVER staff into One-Stop operations.

Provide States and Local Areas with Clear Guidance and Assistance Regarding the Provision of Priority of Service: DOL generally concurs with this recommendation. In addition to ETA and VETS, priority of service also applies to three other DOL agencies identified in the report (Women's Bureau, Office of Disability Employment Policy, and Bureau of International Labor Affairs). However, ETA bears the primary responsibility for providing policy guidance to grantees regarding implementation of the priority of service provisions, due to the number and size of the programs ETA oversees. While many of the programs impacted by priority of service might benefit from additional clarifications or from the provision of technical assistance, DOL believes that the priority of service provision has been implemented more completely than the report indicates. ETA published policy guidance and launched a dedicated web site that includes questions and answers specifying distinct criteria for applying priority of service to 15 programs. That guidance is consistent with our interpretation of the priority provision to mean that veterans are eligible for priority of selection to participate in a specific program after they have met all the other statutory eligibility requirements for that program. Because of the interaction between priority of service and the specific requirements of the impacted programs, the application of priority of service will necessarily take different forms, particularly where another statutory priority must be applied in conjunction with priority of service. In addition to policy guidance, as mentioned above, ETA and VETS launched the Keys to Career Success initiative designed to raise awareness of veterans and One-Stop system professionals regarding the need to provide priority of service to veterans.

Disseminate Best Practices for Incentive Award Programs: DOL concurs with the recommendation that the best practices developed for incentive award programs should be shared among the States. This is appropriate due to the States' relative inexperience with this type of program and to the diverse approaches that they have followed to date. Implementation of this recommendation should improve the State incentive award programs. However, absent an amendment to provide increased flexibility, it is unlikely that all States will be able to make use of incentive funds for cash awards to individual employees. DOL believes that there are alternatives to the current program, such as a national awards program.

Monitor the Extent That All Labor Workforce Programs Are Providing Priority of Service: DOL concurs with this recommendation. DOL is responsible for evaluating whether covered persons are receiving priority of service and has worked to ensure that current monitoring protocols include monitoring for priority of service. DOL agrees that additional guidance to Federal Project Officers would be valuable, as would the implementation of alternative evaluation methods, including improved data collection.

Target Monitoring Results for Program Improvement: DOL concurs with this recommendation. In the past year, ETA and VETS have taken a significant step to improve coordination of monitoring activities. For some time, ETA has designated regional accountability specialists and has maintained information exchange within this

network by hosting bi-weekly conference calls and convening periodic meetings. Recognizing the value of this approach, VETS recently designated regional accountability specialists which are now part of the same communication network. Having regional accountability specialists in both agencies working collaboratively provides the foundation for pursuing joint planning and conduct of monitoring visits, and joint enforcement of corrective actions. To support joint monitoring, VETS intends to revise the monitoring guides for Jobs for Veterans grants by focusing on quality of service and accountability for performance.

Achieve Results from JVA's Federal Contractor Hiring Provisions: DOL concurs with this recommendation. In response to the findings regarding the Federal Contractor Program (FCP), VETS will improve coordination with the Office of Federal Contract Compliance Programs (OFCCP) to expedite the issuance of revised regulations for FCP. OFCCP has drafted the Jobs for Veterans Act, Notice of Proposed Rulemaking (NPRM), which will be published in the near future.

We appreciate the opportunity to comment on this report.

Sincerely,



Charles S. Ciccolella

Assistant Secretary for Veterans' Employment and Training



Emily Stover DeRocco

Assistant Secretary for Employment and Training

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

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