

**STATEMENT OF JOHN M. MCWILLIAM
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U.S DEPARTMENT OF LABOR**

BEFORE THE

**SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS**

U.S. HOUSE OF REPRESENTATIVES

May 4, 2005

Chairman Boozman, Ranking Member Herseth, and distinguished members of the subcommittee:

It is my honor to appear before this subcommittee today on behalf of Secretary Elaine Chao. My testimony today covers four areas: H.R. 419, the "Hire Veterans Act" (a bill to extend the authorization of the President's National Hire Veterans Committee (PNHVC)); and three draft bills: the "Homeless Veterans Reintegration Program Reauthorization Act of 2005," the "Servicemembers Health Insurance Protection Act of 2005," and the "Servicemembers Taxation Protection Act of 2005."

H.R. 419 Hire Veterans Act of 2004

H.R. 419 would extend the President's National Hire Veterans Committee through December 31, 2008 and authorizes the Secretary of Labor to support this committee through the use of funds appropriated for the state Disabled Veterans Outreach Program (DVOP) specialists and Local Veterans Employment Representative (LVER) programs to fund the activities of the Committee. As you know, the Committee was authorized by the Jobs for Veterans Act (Public Law 107-288) and was established to:

1. furnish information to employers with respect to the training and skills of veterans and disabled veterans, and the advantages afforded employers by hiring such veterans; and
2. facilitate employment of veterans and disabled veterans through participation in the national labor exchange and other means.

We believe it is imperative to connect veterans and employers through the use of the nation-wide network of One-Stop Career Centers. In 2004, the Committee launched its national campaign to promote the hiring of veterans for private sector employment. Using a new sophisticated web site (www.hirevetsfirst.gov), the campaign is designed to reach out to employers to make One-Stop Career Centers their first choice when

considering hiring veterans. The web site informs employers of the advantages of hiring veterans as well as the benefits of the public workforce investment system.

The mission of the Department of Labor, Veterans' Employment and Training Service, is to help veterans get good jobs and the training needed for those jobs. We must commit our resources to best serve veterans. We constantly strive to do just that. We believe that the PNHVC is fulfilling its mandates of raising employer awareness and improving the connectivity of employers with the One Stop Career Centers. If the Committee decides to reauthorize the PNHVC, we will continue to take the PNHVC in the direction intended by Congress.

Having said that, Mr. Chairman, the Administration has not taken a position on this legislation. I do want to reiterate that the Department of Labor believes in the work of the PNHVC.

Mr. T.P. O'Mahoney was appointed by Secretary Elaine Chao to be Chairman of the Committee. Mr. O'Mahoney is here to provide additional testimony on the activities of the Committee.

HVRP Reauthorization Act of 2005

We appreciate the foresight of this Committee to introduce the Homeless Veterans Reintegration Program (HVRP) Reauthorization Act, and we support the extension of this program. HVRP is the only federal employment program designed specifically to address the employment problems faced by our Nation's homeless veterans. The approach to ending homelessness among this population is multi-faceted and needs the cooperation and collaboration of Federal agencies, such as the Departments of Labor (DOL), Veterans Affairs (VA), Housing and Urban Development (HUD), and Health and Human Services (HHS), as well as the community service providers who fight this battle every day.

I commend you and your Committee for focusing national attention on the need for America to do more to help homeless veterans. We at DOL share your commitment to President's Bush's goal of ending chronic homelessness. Like you, we are deeply disturbed by the high number of veterans among the homeless population. According to the Department of Veterans Affairs, it is estimated that nearly one-quarter of all homeless adults are veterans; and, among men who are homeless, one-third are veterans. This is an unacceptable situation for so many who have served our country.

Working together with Congress, our federal and state partners, and private sector grantees, DOL has made helping homeless veterans a top priority. We have put our energy and resources into customized employment programs and have had tremendous success over the past four years.

By addressing the employment problems of homeless veterans, we believe we can make a positive impact by breaking the cycle of homelessness for these veterans. Employment

may be the most important component in the continuum of care for people who are homeless. Meaningful career employment enhances a person's self-esteem and makes them self-sufficient and independent. Once employed, a homeless veteran can climb the ladder from a shelter environment, to subsidized housing and ultimately unsubsidized housing. Without career employment, the cycle of poverty and homelessness continues.

The HVRP is DOL's only program dedicated to helping homeless veterans secure employment, and ultimately, economic self-sufficiency. The purpose of the HVRP is to provide services to assist in reintegrating homeless veterans into meaningful employment within the labor force and to stimulate the development of effective service delivery systems that will address the complex problems facing homeless veterans. Employment is the linchpin by which a homeless veteran may start a successful journey back to society, regardless of whether the homelessness is long term or short term, first time or cyclical, or whether the veteran is living on the street, in a shelter, or with a friend or relative.

This intervention program provides counseling, job placement, and training services. It also helps to leverage other funding streams that provide supportive services such as housing, transportation, medical care, and substance abuse treatment. Over the past few years, we have seen significant improvement in employment outcomes of homeless veterans through measurable results of the HVRP.

The HVRP was initially authorized under Section 738 of the Stewart B. McKinney Homeless Assistance Act in July 1987. It is currently authorized under 38 U.S.C. 2021, as added by Section 5 of the Homeless Veterans Comprehensive Assistance Act of 2001, Public Law 107-95. The authorization of appropriations in the amount of \$50 million for the HVRP was from Fiscal Year (FY) 2002 through FY 2006, and will expire at the end of FY 2006. We fully support an extension of the existing authorization of HVRP for an additional two years.

The HVRP funds are awarded through a competitive grants process as outlined in the Solicitation for Grant Applications. Eligible entities include state and local Workforce Investment Boards; public agencies; for-profit/commercial entities; and non-profit organizations, including faith- and community-based organizations. These grants are awarded to both urban and non-urban areas. We also recently awarded demonstration grants to assist incarcerated veterans, who are at high risk of homelessness, to transition into the workforce.

Grantees provide an array of services utilizing a case management approach that directly assists homeless veterans as well as provide critical linkages for a variety of supportive services available in their local communities. The program is "employment focused." As such, veterans receive the employment and training services they need in order to enter the labor force. Job placement, training, job development, career counseling, and resume preparation are among the services that are provided. Since its inception, HVRP has featured an outreach component using veterans who have themselves experienced homelessness. In recent years, this successful technique was modified to allow the

programs to utilize formerly homeless veterans in various other positions where there is direct client contact, such as counseling, peer coaching, intake, and follow-up services.

The emphasis on helping homeless veterans obtain and retain jobs is enhanced through many linkages and coordination with various veterans' services programs and organizations, such as: the DVOP and the LVER stationed in local One-Stop Career Centers; Veterans' Workforce Investment Program; the American Legion; Disabled American Veterans; Veterans of Foreign Wars; the National Coalition of Homeless Veterans (NCHV); and the VA, HUD, and HHS.

Results

HVRP is administered on a Fiscal Year (FY) basis but the funding to grantees is provided on a Program Year (PY) basis (July 1 to June 30). Accordingly, our performance data are reported consistent with the funding cycle on a PY basis.

In FY 2003, with a performance period of July 1, 2003 through June 30, 2004, HVRP was appropriated \$18,131,000. With this funding, 78 HVRP grantees provided services to 13,060 homeless veterans and placed into employment 8,191 participants for a 63% entered employment rate at an average hourly wage of \$9.43 per hour. This is an average cost per placement of \$2,214. As we establish our baseline data for retention purposes, we find that 59% of the 8,191 formerly homeless veterans placed into employment are still employed after 90 days.

In FY 2004, with the performance period of July 1, 2004 through June 30, 2005, HVRP was authorized \$18,888,000. We awarded second-year funding to 42 grantees in the amount of \$10.3 million. We competitively awarded 38 grants in the HVRP categories for Urban (16), Non-Urban (11), Intermediaries (4), and Incarcerated Veterans' Transition Program pilots (7) for a total at \$8 million. Therefore, we had a total of 80 active HVRP grants in FY 2004. Preliminary 4th quarter grantee reports for the performance period July 1, 2003 through June 30, 2004, indicate that we have assisted 11,631 homeless veterans, with 8,021 of those homeless veterans entering employment, for a 69% entered employment rate and a 58% 90-day retention in employment rate. We are still in the process of programming our new Internet-based HVRP reporting system to extract the 90-day final and 180-day follow-up reports, and we expect the final performance figures, including the average cost per placement, within the next couple of weeks. We do expect these preliminary performance numbers to increase slightly when we analyze the final performance statistics.

In FY 2005, with a performance period of July 1, 2005 through June 30, 2006, HVRP is authorized \$20,832,000, of which \$18.7 million has been obligated for 2nd and 3rd year funding cycles of the current 80 grantees. We expect to receive extension grant application requests for 2nd and 3rd year funding, including revised goals from grantees by May 15, 2005, with all grants awarded by July 1, 2005. A \$2 million HVRP competition was announced in the Federal Register on March 29, 2005, with awards to be granted by

July 1, 2005. Once all of the HVRP grants have been awarded, planned performance goals will be integrated into the new HVRP Internet-based reporting system.

Incarcerated Veterans

In 2001, the Homeless Comprehensive Assistance Act of 2001 was passed and required that DOL, in concert with the VA and Department of Justice (DOJ), assist incarcerated veterans to transition from incarceration into civilian life. The Incarcerated Veterans' Transition Program (IVTP) is designed to help incarcerated veterans who are at risk of homelessness to reenter the workforce. The program provides direct services to veterans within 18 months of release from incarceration – through a case management, or career coaching approach – to link incarcerated veterans with appropriate employment and life skills support as they transition from a correctional facility into the community.

In FY 2004, we competitively awarded seven IVTP demonstration grants as authorized under 38 U.S.C. 2023, as added by Section 5 of the Homeless Veterans Comprehensive Assistance Act of 2001, P.L. 107-95, with existing funds in the amount of \$1,450,000 or about 8% of FY 2004 HVRP funding. In addition, we funded our first IVTP demonstration grant in Denver, Colorado in the amount of \$245,000 with FY 2003 HVRP funding.

While DOL has only three quarters of data for the period ending December 31, 2004, we have served 546 incarcerated veterans with 225 of them placed into employment for a 41% entered employment rate. The average hourly wage at placement was \$8.52. We plan to continue to learn and work with our partners in the VA and DOJ with second year funding of these IVTP demonstration grants that began April 1, 2005. A full joint report is required by law and this will be provided to the committee.

As evidence of the success and attractiveness of the IVTP demonstration grants, one Governor has advised DOL that he intends to expand the IVTP in his state, from the current two prisons to 23 prisons, following our IVTP model.

In addition, we funded a demonstration project to develop a training course to teach service providers how to effectively assist incarcerated veterans with their transition into the workforce. We are administering this training through the National Veterans Training Institute. State and federal veteran employment staff will learn how to better assist incarcerated veterans transition from institutional living and enter the 21st century workforce.

Partnerships

President Bush and his Administration are deeply dedicated to making sure that no veteran is left behind and that we help these men and women regain self-sufficiency and self-respect. While DOL is proud of the services it is providing to homeless veterans, we know that we cannot do it alone. The general approach of this program is to put veterans into meaningful employment through linkages and coordination with veterans' service programs and organizations. Successful HVRP programs focus on partnering with HUD,

the VA, and HHS, as well as local faith-based and community-based organizations and social service agencies.

DOL's collaboration and cooperation with other agencies includes our Deputy Assistant Secretary for Veterans' Employment and Training serving as an Ex-Officio member of the Department of Veterans' Affairs Advisory Committee on Homeless Veterans, alongside other Ex-Officio members from the Department of Defense, HUD and HHS. He plays an active role with this committee, providing updates of DOL programs and technical assistance and advice that help committee members navigate through the myriad programs and services available through DOL. Many of the committee members are also homeless service providers. So the information they receive helps them in their day to day work with this population.

DOL is also one of four lead departments that make up the Interagency Council on Homelessness (ICH). The other three are the Department of Veterans' Affairs, HUD and HHS. We are an active participant in all of the ICH activities, which help coordinate government efforts to address homelessness.

We have also established an interagency work group on homelessness within DOL. This work group takes a proactive approach to addressing homelessness issues for all people who are homeless, with an emphasis on homeless veterans.

We are also pleased to partner with the Department of Veterans' Affairs on their Multi-family Housing Loan Guaranty Program for homeless veterans. We are working closely with the Department in this pilot program that will help restore freedom and hope to homeless veterans by providing a dedicated employment specialist on site in Chicago and in other cities.

Standdowns

DOL has found collaboration and outreach key to helping homeless veterans. We have a program in place to support homeless veteran Standdowns held in local areas to provide a variety of services and referrals for homeless veterans. In conjunction with federal, state and local organizations, Standdown events are often the catalyst that enables homeless veterans to begin to get back into mainstream society. Through Standdowns, homeless veterans are brought together in a single location for one to three days and are provided access to the community resources needed to begin addressing their individual problems and rebuild their lives. These are grassroots, community-based outreach tools designed to help the nation's homeless veterans become aware of the services available to them and renew their spirit, health and overall sense of well-being. Services provided at these events typically include: temporary shelter, showers, haircuts, meals, clothing, hygiene care kits, medical exams, immunizations, legal advice, identification cards, veterans benefits information, training opportunities, and employment services. The Standdowns are funded in part through the HVRP programs and supported by the Disabled Veterans' Outreach Specialists (DVOPS) and Local Veterans' Employment Representatives (LVERS).

We expect and encourage all of our HVRP grantees to participate in all local Standdown events and have outlined this requirement in the grant special provisions. With the implementation of the new Internet-based reporting system for HVRP, we have specifically requested that grantees report all Standdown expenditures beginning PY 2005. Currently there is no reporting mechanism to evaluate the effectiveness of Standdowns, but we are moving toward evaluations by our grantees that will provide that type of information.

Veterans' Workforce Investment Program

We are constantly looking at ways to serve homeless veterans through innovative and preventive measures at DOL. We have had great success with the Veterans' Workforce Investment Program (VWIP) as authorized by Section 168 of the Workforce Investment Act (WIA) of 1998, P.L. 105-220. Often times homeless veterans service providers receive funding through VWIP. The primary objectives of VWIP are to provide services to assist in reintegrating eligible veterans into meaningful employment within the labor force and to stimulate the development of effective service delivery systems that will address the complex problems facing eligible veterans. VWIP eligible participants include veterans with service-connected disabilities, veterans who have significant barriers to employment, veterans who served on active duty in the armed forces during a war or in a campaign or expedition for which a campaign badge has been authorized, and recently separated veterans (within 48 months of discharge).

Servicemembers Health Insurance Protection Act of 2005

The Servicemembers Health Insurance Protection Act of 2005 extends USERRA's continuation coverage protections to individuals subject to a delayed-effective-date active-duty order who elect TRICARE coverage before they commence military service. The draft bill also protects such persons against the risk of an exclusion or waiting period upon reinstatement in their employment-based health plan if the duty orders are cancelled. The proposal makes clear that the employment-based health plan may not impose an exclusion or waiting period on such employees when they seek reinstatement in the plan, either upon reemployment following military service or in the situation where their civilian employment is continued because the military orders were cancelled prior to mobilization.

However, the draft bill does not address the situation of service members who continue TRICARE coverage after reemployment, rather than promptly seeking reinstatement under their employment-based health plan. Section 4317(b)(1) of USERRA provides that an exclusion or waiting period may not be imposed in connection with the reinstatement of a service member in the employment-based health plan upon reemployment, but does not clearly cover the situation where the service member seeks reinstatement in the employment-based plan at a point in time after he or she is reemployed. We would like to offer to provide technical assistance to the committee to ensure that any amendment

addresses both the front-end and back-end issues relating to extended TRICARE coverage under section 4317.

Servicemembers Taxation Protection Act of 2005

DOL generally supports appropriate legislation that benefits service members, but DOL respectfully defers to the Departments of Defense and Veterans' Affairs, as well as the Internal Revenue Service, on the Servicemembers Taxation Protection Act of 2005.

Mr. Chairman, that concludes my testimony. I am pleased to respond to any questions.