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TEXAS VETERANS COMMISSION

WITNESS TESTIMONY OF KYLE MITCHELL
DEPUTY EXECUTIVE DIRECTOR, TEXAS VETERANS COMMISSION
TO THE U.S. CONGRESS JOINT ECONOMIC COMMITTEE

July 10, 2013

GREETING

Good Morning, Chair Brady, Vice Chair Klobuchar, and Members of the Committee. For the record, my name is Kyle Mitchell, Deputy Executive of the Texas Veterans Commission. On behalf of our Executive Director, Thomas Palladino, our Chairman, Eliseo "Al" Cantu, and the Commissioners of the Texas Veterans Commission, I would like to thank the Committee for this opportunity to testify before you today and for your interest in the efforts the state of Texas has undertaken in order to serve the 1.7 million Veterans in our state.

I am accompanied today by Mr. Shawn Deabay, Director of the Texas Veterans Commission's Veterans Employment Services (VES) program. Mr. Deabay has worked in the VES program for nearly 13 years, working his way up from entry-level field staff as a Disabled Veterans Outreach Program (DVOP) Specialist and then as a Local Veterans Employment Representative (LVER). In 2007, he was named the Texas LVER of the year by the Texas Department of the American Legion and recognized as the National LVER of the Year by the Disabled American Veterans (DAV). After being promoted to Regional Manager for the East Texas Region, his region won the Veteran of Foreign Wars (VFW) Employment Distinguished Services Award. He went on to become the program's Operations Director, and in 2011, was named Program Director. As a result, he can speak to specifics of this program from a perspective few possess.

My testimony will provide: (1) an overview of our agency programs, (2) background on the Veteran employment trends that make Veteran employment programs critical, (3) information on our Veteran Employment Services program with recommendations for improving the federal funding that supports that program, and (4) two successes of the Texas Model that impact Veterans employment: Veteran Entrepreneurship and Veteran Education.

Mr. Deabay's testimony will provide you with recommendations for improving the federal investment in Veterans employment as well as the "secrets" to Texas' successful implementation of its Veterans Employment Services program.

TEXAS VETERANS COMMISSION

The Texas Veterans Commission is the advocacy agency for Veterans in the State of Texas. Our mission is to advocate for and provide superior service to Veterans in the areas of claims assistance, employment services, education, and grant funding that will significantly improve the quality of life for all Texas Veterans, their families and survivors. The Texas Veterans Commission provides these services through four program areas: Claims Representation and Counseling, Veterans Employment Services, Veterans Education Program, and the Fund for Veterans' Assistance.

No other state has centralized all of these program areas within their state's Veterans agency. This consolidation is a key to our success, allowing us to concentrate all of our efforts and resources on Veterans with a focus not possible when these programs exist as components of larger agencies.

Texas is becoming recognized for aggressively leading on Veteran issues. National leaders have referred to the "Texas-model" when advocating for the integration of Veterans services.

VETERAN EMPLOYMENT TRENDS

Veteran employment trends underscore the reason that Veteran employment programs are so important.

In Texas, businesses understand that Veterans make great employees. The military has already made a significant investment in individual job training and Veterans have demonstrated the ability to learn new skills. Veterans have also demonstrated proficiency in these skills in stressful and rigorous conditions (i.e. combat, remote locations).

Despite this reality, as you know, Veterans tend to face significant challenges to employment when transitioning from the military to the civilian workforce. The end of combat operations in Iraq, a decreased military presence in Afghanistan, and force shaping measures announced by the Department of Defense in January 2012 have swollen demand for Veteran employment services. We have seen this narrative played out on the ground in Texas. As recently as June 25th, the Department of the Army announced plans to reduce the number of active-component Brigade Combat Teams from 45 to 33 by 2017, a reduction of 80,000 soldiers. Approximately 17% of this total reduction impacts Texas directly, with reduction of a Brigade Combat Team each from Fort Hood in Killeen and Fort Bliss in El Paso.

Gulf War II Era Veterans, especially, those recently separated veterans from the Iraq and Afghanistan conflicts, are facing challenges to employment at a greater rate than the general Veteran population. While at 7.2% for the month of June (2013), the national unemployment rate for Gulf War II Era Veterans has remained at or above 10% for 26 of the past 36 months, peaking at 15.2% in January 2011.

Female Veterans are another segment of the Veteran population that has experienced recent employment challenges. While we have seen some gains among male Gulf War-era II Veterans,

their unemployment rate fell by 2.5 percentage points to 9.5 percent from 2011 to 2012, the rate for female veterans, at 12.5 percent in 2012, was little different from the prior year. Some contributing factors to this trend among female Veterans may include that employers have an outdated understanding of women's role in the military, women Veterans may not be aware of and obtaining the services and benefits that are available to them, and women Veteran's status as a care giver for children can conflict with employer needs.

VETERAN EMPLOYMENT SERVICES

These Veteran employment trends demonstrate the importance of the active and critical role that Congress has taken in providing employment resources for Veterans to the states through multiple workforce programs including the Jobs for Veterans State Grant (JVSG) through the Department of Labor, Veterans' Employment and Training Service (DOL-VETS). *Through the JVSG, the federal government provides approximately \$168 million to the states to support Veterans employment.*

The Texas Veterans Commission's Veterans Employment Services Program executes the JVSG, for the State of Texas. This program assists Veterans with obtaining long-term meaningful employment.

Last year, the Texas Veterans Commission received \$12.2 million from DOL-VETS through the JVSG which funded 170 Veteran Employment Representatives located in 92 workforce centers throughout Texas.

In the most recent reporting period, the program assisted 69,080 Veterans with 38,714 of those Veterans obtained employment. As a result of these efforts, 221 Veterans obtained employment for every one Veteran Employment Representative. While Texas receives 7% of JVSG total funding nationwide, the state accounts for 18% of the nation's Veterans receiving services entering into employment.

Based on our success with the JVSG, Mr. Deabay and I will be sharing four recommendations for improving the JVSG:

1. Improve communications
2. Seek input from successful states
3. Reward performance through funding formula adjustments
4. Promote innovative programs

Let me focus on the issue of funding as there are two issues that would ensure that the \$168 million investment that Congress makes in our Veterans is best utilized:

1. Include Performance in the Funding Formula

Currently, the funding formula utilized by DOL-VETS for the JVSG program allocates funding through a ratio, comparing the total number of Veterans residing in the state that are seeking employment to the total number of Veterans seeking employment in all states. A state's

performance is not taken into account at any point in the funding formula. Thus, states are essentially penalized for high performance. When a state performs well by assisting a high number of Veterans locate and retain employment, the number of unemployed Veterans in that state falls, lowering the ratio by which that state is funded, equating to less funding. When a state performs poorly with fewer Veterans entering into employment, the number of unemployed Veterans rises or continues to be high, thus increasing the ratio and equating to additional funding. Performance should be taken into consideration when allocating funds to incentivize states to elevate their performance. Ignoring states' performance overlooks an opportunity for DOL-VETS to reward success and fuel innovation in states whose programs are producing effective employment outcomes for Veterans.

2. Funding for Performance Should Reward Performance

In addition, one percent of the current funding must be used for performance. Some states provide boards with the money received for performance while other provide that money to JVSG funded staff or partners doing great things for Veterans employment. All states receive this one percent regardless of the state's performance. If a state is performing well below the national average or well below their negotiated goals, the state will continue to receive one percent as outlined by the attachment. States not performing at a high level should not receive performance funding. This money should be given to states performing well to encourage innovation and enhance their ability to provide long-term meaningful employment to Veterans.

As Mr. Deabay will speak to the other issues to improve the JVSG, I would like to address two additional areas of the Texas Model that impact Veterans employment: Veteran Entrepreneurship and Veteran Education.

TVC VETERAN ENTREPRENEUR PROGRAM

There is another innovative component to meeting the Veteran employment need in Texas. In April 2012, the Texas Veterans Commission launched a pilot Veteran Entrepreneurship program which has hosted a series of seven seminars throughout the state and assisted over 1,000 Veterans towards entrepreneurship.

Based on the success of this pilot program, and because of the overwhelming interest from Veterans in starting and expanding their own businesses, the Texas Legislature recently passed legislation to permanently establish and fund the Veteran Entrepreneur Program at the Texas Veterans Commission to foster and promote Veteran entrepreneurship and business ownership.

The U.S. Small Business Administration has been a valuable partner in this effort, but serves a population of over 23 million Veterans nationwide through a network of only fifteen (15) Veteran Business Outreach Centers. Again, when Veteran services are just components of larger efforts, those programs are normally not given the focus and priority needed to be as effective as possible. Considering the amount of effort required to identify, locate and communicate to Veterans, it is understandable that Veterans would fall through the federal "entrepreneurial cracks."

Leveraging the “Texas Model”, the Texas Veterans Commission’s Veteran Entrepreneur Program is able to engage Veterans at the “point of contact” as Veterans use our employment and VA claims services. This approach has led to the significant, rapid success of our entrepreneur program and will serve to expand the number of Veteran Owned Businesses in the state.

VETERANS EDUCATION IMPACT ON EMPLOYMENT

Veterans education benefits directly impact the Veteran employment picture as well. Veterans separating from the military often choose to utilize educational benefits afforded them as the result of their service in order to acquire new skills or enhance and formalize skills they already possess, thus making them more competitive in the employment market.

The Texas Veterans Commission is the State Approving Agency (SAA) for federal education benefits in Texas. Because of the historic state role in the education of its citizens, State Approving Agencies were the primary source for the U.S. Department of Veterans Affairs in assuring accountability for institutions of higher education while maintaining the state’s authority to approve, disapprove, and monitor education and training programs for Veterans. Public Law 111-377, enacted in January, 2011, shifted authority for approval of programs for which eligible Veterans and their families could use the GI Bill educational benefits from the states to the U.S. Department of Veterans Affairs. As a result, states are more limited in their ability to ensure the quality of these programs, which may ultimately impact the employability of the Veterans.

Another valuable federal educational benefit is On-the-Job Training (OJT) Program, which is an alternative way for Veterans or eligible family members to use VA (GI Bill) education benefits. OJT is training which Veterans receive while actually performing a job and earning wages. If the program is approved by the Texas Veterans Commission, Veterans may utilize their GI Bill education benefits while in training. TVC currently has 276 employers with approved OJT programs including the Texas Department of Public Safety/Texas Highway Patrol, U.S. Customs & Border Patrol, Austin Police Department, Dallas Fire Rescue, Schlumberger Technology Corporation, and Southwest Airlines.

In Texas, eligible Veterans and family members receive an exemption from the cost of tuition and fees for up to 150 credit hours at a state institution of higher education through the Hazlewood Exemption. Moreover, the Texas Legislature has allowed the unused portion of this benefit to be transferred to an eligible dependent and just designated funding in order to make this benefit to Texas Veterans and their families sustainable for years to come. Congress should consider similar changes to the transferability of Post 9/11 GI Bill benefits as a tool to assist in the employment of the family members of Veterans, which is intricately related to the issue we are discussing today.

CLOSING

The state of Texas is leading on Veteran issues. The Governor, Lieutenant Governor, and the Texas Legislature demonstrated their commitment to the Veterans of Texas this past legislative

session by passing a number of key legislative initiatives for Veterans and by obligating significant funding for programs to assist Veterans in our state. State leaders deserve recognition for taking bold actions to serve the Veterans of our state.

Veterans in Texas are also served by an active Congressional delegation that continually seeks to improve the services and benefits provided to them.

Our goal at the Texas Veterans Commission is to assist as many Veterans as we can while continuing to provide high-quality services. There will be thousands of military service men and women coming home over the next few years, which will increase the need for our services. We owe it to our nation's heroes to assist them with their employment needs when they come home. Employment stabilizes Veterans and their family's lives allowing them to make the difficult transition from military to civilian life.

Recently, some have voiced concerns regarding the effectiveness of the JVSG concept, leading some in the Veterans community to advocate for the consolidation of multiple workforce programs.

The Texas Veterans Commission has demonstrated the capability to have a positive impact on Veterans employment issues. With the support of this Committee, we believe that the JVSG program and the VES program in Texas can continue to develop innovative and effective ways to improve the employment services provided to Veterans in our state.

Again, I want to thank you for the opportunity to testify before you today. Thank you for the work are doing, and will do, on behalf of Texas Veterans, and all Veterans, of this nation's Armed Forces.