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**VETERANS' EMPLOYMENT
AND TRAINING SERVICE**

**Focusing on Program Results to
Improve Agency Performance**

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Veterans' Employment and Training Service: Focusing on Program Results to Improve Agency Performance

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the Veterans' Employment and Training Service (VETS) and its initiatives in response to the Government Performance and Results Act of 1993 (GPRA).

Unemployment and underemployment have traditionally been serious problems for veterans. The Congress has made it clear that alleviating these problems is a national responsibility. Although the Department of Veterans Affairs is responsible for most of the nation's services for veterans, the Department of Labor administers programs and other activities designed to help veterans find jobs and training opportunities. The Wagner-Peyser Act of 1933, which created a national system of public employment offices, specifies that veterans receive priority service and led to the establishment of a veterans' bureau within the Department of Labor, which eventually became VETS.

My comments today will focus on four areas: the value of GPRA in improving agency performance, the employment and training performance measures currently used in VETS, VETS' response to GPRA, and our assessment of VETS' response. The information we present is derived from our ongoing work for this Subcommittee regarding the veterans' representatives employed by the states under grants from VETS, our review of the agency's draft strategic plan for fiscal years 1997 through 2002, and discussions with agency officials about VETS' actions in response to GPRA.

In summary, GPRA is a powerful tool that brings discipline to program management by requiring agencies to clarify their missions, establish goals and a strategy for reaching them, measure performance, and report on their accomplishments. Our work at VETS has shown that its current performance measures focus more on process than on results. VETS has now developed a draft strategic plan and performance measures, consistent with GPRA, and has submitted it to the Office of Management and Budget (OMB) for review. We believe the proposed performance measures for employment and training services are an improvement over VETS' current approach because of their increased focus on results. But the plan, so far, is a draft and has not received final approval by Labor or been incorporated into an overall departmental strategic plan. In addition, development of a strategic plan and improved performance measures does not guarantee improved performance. Continued senior management commitment and effective implementation are necessary to achieve the improved agency performance that is envisioned by GPRA.

Background

The mission of the Veterans' Employment and Training Service is to help veterans, reservists, and National Guard members in securing employment and protecting their employment rights and benefits. Services provided are to be consistent with the changing needs of employers and the eligible veteran population, with priority given to disabled veterans and other veterans with significant disadvantages in the labor market. The key elements of VETS' mission include enforcement of veterans' preference and reemployment rights, employment and training assistance, public information services, interagency liaison, and training for those assisting veterans.

VETS carries out its responsibilities through a nationwide network that includes representation in each of Labor's 10 regions and staff in each state. The VETS staff at the state level monitor the operation of VETS' two primary programs providing employment and training assistance to veterans: the Disabled Veterans Outreach Program (DVOP) and the Local Veterans Employment Representative (LVER). DVOP and LVER staff, whose positions are federally funded, are part of states' employment service systems and provide direct employment services to eligible veterans. The total fiscal year 1997 appropriation for VETS was about \$182 million, including \$82 million for DVOP specialists and \$75 million for LVER staff.¹

LVERS were first authorized under the original GI Bill, the Servicemen's Readjustment Act of 1944; DVOP specialists were established by executive order in 1977 and later authorized by the Veterans' Rehabilitation and Education Amendments of 1980. The duties of DVOP and LVER staff for serving veterans, as specified by law, include

- outreach to locate veterans,
- job development for veterans,
- networking in the community for employment and training programs,
- providing labor exchange services to veterans,
- making referrals to support services, and
- case management.

These programs are required by law to provide employment and training opportunities specifically for veterans, with priority given to the needs of disabled veterans and veterans of the Vietnam era. Each state is expected to give priority to veterans over nonveterans for services in their state

¹VETS provides formula staffing grants to the states for LVER and DVOP staff. Its fiscal year 1997 appropriation is planned to fund 1,397 LVER positions and 1,598 DVOP specialists. The appropriation also included about \$23 million for administrative costs and \$2 million for the National Veterans' Training Institute, which trains service providers' staffs and managers.

employment service system. In the simplest terms, this means that the local employment office is to offer or provide all services to veterans before offering or providing those services to nonveterans.

Managing for Results

The Government Performance and Results Act of 1993 is the centerpiece of a statutory framework provided by recent legislation to bring needed discipline to federal agencies' management activities. Other elements are the 1990 Chief Financial Officers Act, the 1995 Paperwork Reduction Act, and the 1996 Clinger-Cohen Act. These laws each responded to a need for accurate, reliable information for executive branch and congressional decision-making. In combination, they provide a framework for developing (1) fully integrated information about an agency's mission and strategic priorities, (2) performance data to evaluate the achievement of these goals, (3) the relationship of information technology investments to the achievement of performance goals, and (4) accurate and audited financial information about the costs of achieving the goals.

GPRA is aimed at improving performance. It does so by prompting each major federal agency to ask some basic questions: What is our mission? What are our goals and how will we achieve them? How can we measure our performance? How will we use that information to make improvements? GPRA forces a shift in the focus of federal agencies away from such traditional concerns as staffing and activity levels and toward a single overriding issue—results.

GPRA requires that agencies clearly define their missions; establish long-term strategic goals, as well as annual goals linked to them; measure their performance against the goals they have set; and report on how well they are doing. In addition to ongoing performance monitoring, agencies are also expected to perform discrete evaluations of their programs and to use information obtained from these evaluations to improve the programs. Each agency's strategic plan—laying out its mission, long-term goals, and strategies for achieving these goals—must be submitted to OMB and the Congress by September 30, 1997. To help ensure that these plans reflect the views, as appropriate, of the Congress and other stakeholders, GPRA requires that, as agencies develop their strategic plans, they consult with the Congress and solicit the views of other stakeholders. Next, beginning with fiscal year 1999, executive agencies are to use their strategic plans to prepare annual performance plans. These performance plans are to include annual goals linked to the activities displayed in budget presentations as well as the indicators the agency will use to measure

performance against the results-oriented goals. Agencies are subsequently to report each year on the extent to which goals were met, provide an explanation if these goals were not met, and present the actions needed to meet any unmet goals.

Over the last few years, we have done a large body of work on management and operational issues across agencies and levels of government.² For example, we have studied leading public sector organizations that successfully pursued management reform initiatives and became more results-oriented. This work has identified principles and approaches that may be helpful to agencies and the Congress in carrying out the activities set out by GPRA, such as developing strategic plans through consultation with stakeholders and selecting performance measures that are results-oriented and can be used to improve agency performance.

Current Performance Measures

In our ongoing work on the activities of DVOP and LVER staff for this Subcommittee, we have learned that VETS' performance measures are focused more on process than on results, and performance is evaluated only in relative, not absolute, terms. VETS uses 14 performance standards in five service categories: (1) veterans placed in or obtaining employment, (2) Vietnam-era veterans and special disabled veterans³ placed in jobs with federal contractors, (3) veterans counseled, (4) veterans placed in training, and (5) veterans who received some reportable service. The first two, which concern job placement, are results-oriented, but they do not require information about the quality of the job placement, such as wages and benefits, or whether the jobs are permanent.

The Assistant Secretary for Veterans' Employment and Training, in directing VETS field staff and state partners to provide input regarding the development, piloting, and evaluation of new performance measurement systems, characterized VETS' current system as having been developed more than a decade ago with little or no change since then. He also noted

²See, for example, Executive Guide: Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996), Managing for Results: Using GPRA to Assist Congressional and Executive Branch Decisionmaking (GAO/T-GGD-97-43, Feb. 12, 1997), Managing for Results: Enhancing the Usefulness of GPRA Consultations Between the Executive Branch and Congress (GAO/T-GGD-97-56, Mar. 10, 1997), and Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997).

³A special disabled veteran is (1) a veteran who is entitled to compensation (or who, but for the receipt of military retired pay, would be entitled to compensation) under laws administered by the Department of Veterans Affairs for a disability rated at 30 percent or more or (2) a person who was discharged or released from active duty because of a service-connected disability.

that these performance standards are activity- and volume-driven and provide states little incentive to focus services on those veterans who are marginally job-ready or are most in need of intensive employability development services. In addition, he did not believe the current performance measures provided useful information on the impact of services on veterans served.

In each of the five service categories, performance is measured in terms of priority given to veterans compared with nonveterans in the services provided by the states' employment service system. The minimum goals established by VETS state that veterans should be served at a rate exceeding the service to nonveterans. Veterans and eligible persons should be served at a rate 15 percent higher than nonveterans; Vietnam-era veterans should be served at a rate 20 percent higher; disabled veterans should be served at a rate 25 percent higher; and placement rates for special disabled veterans should also be 25 percent higher than the rate for other clients relative to jobs listed by federal contractors.⁴ For example, in one state, the placement rate for nonveterans was 14.65 percent; thus, the required placement rate for veterans was 16.85 percent, or 15 percent higher than the nonveteran placement rate. The state-by-state measures are based on providing a higher level of services to veterans than nonveterans rather than on establishing any goal for an absolute level of performance. Thus, a state with poor services to nonveterans would be held to a low standard for service to veterans.

According to VETS directives, failure to meet one or more of the quantitative performance standards does not itself constitute failure to provide priority services to veterans. State VETS directors identify other factors that may affect the delivery of quality services before making any noncompliance determinations.

VETS is required to report annually to the Congress on the success of the states in meeting their performance standards with regard to veterans' services. Although VETS has up-to-date quarterly data on states' performance, annual reports for fiscal years 1994, 1995, and 1996 have not yet been submitted to the Congress. These reports would document the states' annual performance against their standards. According to a draft of the 1994 annual report, VETS determined that all but 14 states met all of their performance standards during program year 1993 (July 1, 1993, through June 30, 1994). Of these, 11 states were able to show good cause for their inability to meet the standards (California, Iowa, Kansas,

⁴These rates may vary from state to state because states may negotiate higher rates.

Missouri, Nevada, New Hampshire, New Jersey, New Mexico, Virginia, West Virginia, and Wisconsin). The remaining states—Ohio, Nebraska, and the District of Columbia—provided VETS with an acceptable corrective action plan.

VETS' Response to GPRA Includes Proposed New Performance Measures

The current version of the draft plan has been submitted to OMB for review and is to be finalized on the basis of OMB's and other stakeholders' comments. The plan includes mission and vision statements; strategic goals and objectives; specific performance measures; and discussions of the relationship between the general goals and annual performance goals. The draft plan also discusses VETS' strategy to reach its goals and key factors likely to affect its ability to do so. The plan also lists relevant stakeholders, including the Employment and Training Administration within Labor, congressional committees, veterans service organizations, and the Interstate Conference of Employment Security Agencies. No specific reference to the Department of Veterans Affairs as a stakeholder is included in the draft plan.

The draft plan identifies goals and objectives for each element of its mission: enforcement, employment and training assistance, public information services, interagency liaison, and training. But it notes that the greatest challenge faced by VETS in implementing GPRA is setting forth appropriate outcome measures for the public employment service agencies. One reason for this difficulty, the plan notes, is that technological advances are changing the labor exchange environment as more employers and job seekers use personal computers, electronic bulletin boards, and websites to announce job openings and apply for jobs. Without the opportunity to register job seekers, the public employment service system loses its ability to measure the numbers of individual job seekers who benefit from its services. As a result, whereas in the past VETS relied on a relatively simple measure of "priority"—comparison of the rates of service achieved for registered veterans with the rates achieved for registered nonveterans—such measures will no longer completely reflect the actual services provided if a significant number of users are not being registered and counted. As a partial response to this challenge, VETS is proposing to measure results through population sampling and postservice studies as well as data collected at the employment service office.

The new set of measures for employment and training services continues to reflect a mixture of activity measures, such as "received counseling or

vocational guidance,” and results measures, such as “entered employment.” New measures, however, go beyond measures of immediate outcome to include the average wage of those who entered employment and a 2-year follow-up measure.

In addition to comparing the results for veterans with those for nonveterans, the plan describes measures that apparently will be tracked for veterans independent of the results for nonveterans. This focus would allow VETS to emphasize providing services that lead to high levels of results for veterans in all locations, without setting a lower standard for the results expected for veterans in states with a less effective employment service.

Conclusions

The draft plan represents an improvement over the current employment and training performance measures, because the performance measures in the plan put a greater emphasis on results and will provide information on absolute levels of performance for veterans as well as a comparison with nonveterans. But VETS still must collect the necessary performance data and use that information to focus its efforts on improving the results of its activities. Strong commitment of the political and senior career leadership will be essential to ensure that the agency's strategic planning and performance measurement efforts will become the basis for its day-to-day operations.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions that you or members of the Subcommittee may have.

Contributors

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