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July 11, 2016

The Honorable John McCain
Chairman
The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Mac Thornberry
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

Subject: *Department of Defense, Office of the Secretary: Transition Assistance Program (TAP) for Military Personnel*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Defense (DOD), Office of the Secretary entitled "Transition Assistance Program (TAP) for Military Personnel" (RIN: 0790-AJ17). We received the rule on June 24, 2016. It was published in the *Federal Register* as a final rule on June 28, 2016. 81 Fed. Reg. 41,803.

The final rule establishes policy, assigns responsibilities, and prescribes procedures for administration of the DOD Transition Assistance Program (TAP). The goal of TAP is to prepare all eligible members of the military services for a transition to civilian life, including preparing them to meet Career Readiness Standards (CRS). TAP provides information and training to ensure service members leaving active duty and eligible reserve component service members being released from active duty are prepared for their next step in life whether pursuing additional education, finding a job in the public or private sector, starting their own business or other form of self-employment, or returning to school or an existing job. Service members receive training to meet CRS through the Transition GPS (Goals, Plans, Success) curricula, including a core curricula and individual tracks focused on accessing higher education, career technical training, and entrepreneurship.

According to the Department of Veterans Affairs (VA), all service members who are separating, retiring, or being released from a period of 180 days or more of continuous active duty must complete all mandatory requirements of the Veterans Opportunity to Work (VOW) Act, which includes pre-separation counseling to develop an individual transition plan and identify their career planning needs; attend VA benefits briefings I and II to understand what VA benefits the service member earned, how to apply for them, and leverage them for a positive economic outcome; and attend the Department of Labor employment workshop, which focuses on the

mechanics of resume writing, networking, job search skills, interview skills, and labor market research.

Enclosed is our assessment of DOD's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review of the procedural steps taken indicates that DOD complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shirley A. Jones, Assistant General Counsel, at (202) 512-8156.

signed

Robert J. Cramer
Managing Associate General Counsel

Enclosure

cc: Aaron Siegel
Alternate OSD FRLO
Department of Defense

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF DEFENSE
OFFICE OF THE SECRETARY
ENTITLED
“TRANSITION ASSISTANCE PROGRAM (TAP)
FOR MILITARY PERSONNEL”
(RIN: 0790-AJ17)

(i) Cost-benefit analysis

The Department of Defense (DOD) prepared an analysis of the costs and benefits for the final rule which covered the cost outlays for DOD, but not the costs of other agencies involved with implementing the TAP redesign. DOD explained that implementation of the rule was mandated by the VOW Act and costs for all parties are already incurred. DOD stated further that the calculated costs to DOD and unmeasured costs to DOD's interagency partners provide significant resources to service members, resulting in benefits to the Nation. DOD estimates implementation of this final rule for DOD will have a cost of approximately \$100M annually starting in 2016. DOD assumes that the annual outlays will continue. The Fiscal Year (FY) 2013 cost to DOD to implement the TAP redesign was \$122 million and in FY 2014 DOD costs were \$85 million. DOD stated that the difference is attributed to both implementation costs of the updated program in FY 2013 and to efficiencies discovered as implementation was completed throughout FY 2014. These costs represent only the portion of the interagency program that is paid by DOD. The cost covers Defense civilian and contracted staff (full time employees) salaries and benefits at 206 worldwide locations. The remaining costs include equipment, computers (purchase, maintenance, and operations), information technology and architecture, data collection and sharing, website development, performance evaluation and assessments, curriculum development and modifications, materials (audio-visual, CDs, eNotebooks, handouts, interactive brick and mortar classroom sessions, virtual curriculum, etc.), facilitation training, research, studies, and surveys.

DOD included a number of benefits and identified efficiencies in the final rule. DOD stated that the re-designed TAP capitalized upon existing resources, e.g., use of certified financial planners housed in the military services' family centers to conduct financial planning or military education counselors used to conduct the accessing higher education track. According to DOD, other efficiencies include reuse or upgrades to current facilities and classrooms used to deliver legacy TAP. Implementation costs in FY 2013 included equipping classrooms to allow individual internet access and train-the-trainer workshops to deliver the DOD portions of the Transition Goals, Plans, Success (GPS) curriculum. DOD further provides examples of efficiencies discovered in FY 2014, which include providing train-the-trainer courses through webinars and savings associated with service members using the virtual curriculum. DOD states that it provides military spouses the statutory requirements of TAP as prescribed in title 10, United States Code. Other elements of TAP, prescribed by DOD policy, are available to spouses if resources and space permits. Military spouses can attend the “brick and mortar” Transition GPS curriculum at no cost on a nearby military installation. As stated in the rule, they can also take the entire Transition GPS curriculum online for free.

DOD states that it is dependent upon other federal agencies to deliver the redesigned TAP to transitioning service members. The Department of Veterans Affairs, Department of Labor,

Small Business Administration, Department of Education, and Office of Personnel Management are the other interagency partners. DOD states that while it cannot estimate the costs for its interagency partners, TAP provides the service members with resources through the contributions of its interagency partners that should be identified as valuable factors of total program cost.

According to DOD, the benefit of the redesigned TAP to the service member is increased career readiness to obtain employment, start their own business, or enter career technical training or an institution of higher learning at the point of separation from military service. The legacy, end-of-career TAP is replaced by pre-determined opportunities across the military life cycle for many transition-related activities to be completed during the normal course of business. Since a direct economic estimate of the value of TAP is difficult for DOD to demonstrate as it would require collection of information from military personnel after they become private citizens, the value of the TAP can be derived by demonstrating qualitatively how service members value the program and then displaying some changes in economic variables that can be differentiated between veterans who have access to TAP and non-veterans who do not have access to the program. The final rule included and summarized this information. DOD also states that TAP also helps mitigate the adjustment costs associated with labor market transition. For example, military members must prepare for the adjustments associated with losing military benefits (e.g., housing, health care, childcare) to the benefits afforded in private sector or nonmilitary public sector jobs. According to DOD, the early alignment of military skills with civilian workforce demands and deliberate planning for transition throughout a service member's career can set the stage for a well-timed flow of service members to the Nation's labor force. Lastly, DOD also states that the final rule benefits communities across the country because civilian communities receive more educated, better-trained, and more prepared citizens when separating service members return to communities as veterans.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

DOD certified that the final rule is not subject to RFA because it would not, if promulgated, have a significant economic impact on a substantial number of small entities. Therefore, according to DOD, the RFA, as amended, does not require it to prepare a regulatory flexibility analysis.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

DOD notes that section 202 of the Unfunded Mandates Reform Act requires agencies to assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of \$100 million in 1995 dollars, updated annually for inflation. In 2014, that threshold was approximately \$141 million. According to DOD, this rule will not mandate any requirements for state, local, or tribal governments, nor will it affect private sector costs.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

On November 30, 2015, DOD published an interim final rule with a 45-day public comment period. 80 Fed. Reg. 74,678. DOD received one public comment from the Students Veterans of America, which DOD summarized and responded to in the final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

DOD states that it has been determined that this rule does not impose reporting or recordkeeping requirements under PRA.

Statutory authorization for the rule

The final rule was promulgated under the authority of the VOW to Hire Heroes Act of 2011, Public Law 112-56, 201-265, 125 Stat. 715 (VOW Act) (Nov. 21, 2011), codified in 10 U.S.C. Chapter 58.

Executive Order No. 12,866 (Regulatory Planning and Review)

DOD states that the final rule has been designated an economically significant regulatory action, under section 3(f) of Executive Order 12,866. The rule has been reviewed by the Office of Management and Budget.

Executive Order No. 13,132 (Federalism)

DOD states that the final rule will not have a substantial effect on state and local governments.