

Advisory Committee on Veterans Employment, Training, and Employer Outreach

FY 2012 Annual Report

Table of Contents

<i>Executive Summary</i>	3
<i>ACVETEO FY 2012 Activities</i>	5
<i>Streamlining Federal and State Requirements for Veterans</i>	5
Employment Related Finding and Recommendations.....	5
Additional Findings and Recommendations	8
<i>Promoting Veterans Employment with Tax Incentives</i>	11
Existing Tax Incentives.....	11
Policy Recommendations.....	12
Senate Bill 3536 - VOW to Hire Heroes Extension Act of 2012	14
<i>Moving Forward in FY 2013</i>	14
<i>Conclusion</i>	15

Executive Summary

The Advisory Committee on Veterans Employment, Training, and Employer Outreach (ACVETEO or Committee) is a congressionally mandated advisory committee authorized under 38 U.S.C. §4110. The statute requires the committee to assess the employment and training needs of veterans and their integration into the workforce; determine the extent to which the programs and activities of the Department of Labor (DOL) are meeting such needs; assist the Assistant Secretary of Labor, Veterans' Employment and Training Service (VETS) in carrying out outreach activities to employers with respect to the training and skills of veterans and the advantages afforded employers by hiring veterans; and make recommendations to the Secretary, through the VETS Assistant Secretary, with respect to outreach activities. The Committee, which is required meet at least quarterly, must submit a report to the Secretary of Labor and Senate and House of Representatives Committees on Veterans' Affairs on the employment training needs of veterans for the previous fiscal year with emphasis on disabled veterans by December 31 of each year.

During Fiscal Year (FY) 2012, the Committee focused its efforts on the following areas: (1) improving DOL and VETS programs; (2) assessing bureaucratic challenges between federal and state government policies (red tape reduction); (3) analyzing the effectiveness of tax incentives to hire veterans in the VOW to Hire Heroes Act of 2011; (4) monitoring activities that promote mentoring and hiring veterans; and (5) encouraging public private partnerships that promote veterans employment. The Committee's FY 2012 report provides a number of findings and recommendations that fall into two categories:

- Streamlining federal and state programs and policies that are designed to assist veterans, particularly veterans' employment programs; and
- Strengthening existing tax incentives to promote veterans' employment.

The report also outlines the Committee's goals for FY 2013. Specifically, ACVETEO would like to work on improving veteran employment data from the DOL Bureau of Labor Statistics (BLS), leveraging local resources, engaging employers in the Transition Assistance Program (TAP), and developing a marketing campaign to encourage employers to hire veterans.

The Committee looks forward to working with the Secretary of Labor, Assistant Secretary of VETS Keith Kelly, and with members of the House and Senate Committees on Veterans Affairs to help develop policies that will improve the delivery of employment services to veterans and increase hiring opportunities.

Introduction

The Secretary of Labor appoints members of ACVETEO to serve terms of two years. In accordance with the authorizing statute, the membership shall be at least 12, but not more than 18 individuals. Currently, the committee has 20 members. The membership consists of seven individuals representing the following organizations: National Society of Human Resource Managers; Business Roundtable; National Association of State Workforce Agencies; U.S.

Chamber of Commerce; National Federation of Independent Business; a nationally recognized labor union or organization; and National Governors Association. Membership may also include no more than five individuals that are 1) nominated by veterans' service organizations (VSOs) with a national employment program or 2) representatives who are recognized authorities in the fields of business, employment, training, rehabilitation, or labor and are not employees of DOL.

The following federal officials, or their representatives, are ex-officio, nonvoting members of ACVETEO: Assistant Secretary of Labor VETS Keith Kelly; Secretary of Veterans Affairs (VA) Eric K. Shinseki; Secretary of Defense (DOD) Charles Timothy "Chuck" Hagel; Acting Director of the Office of the Personnel Management (OPM) Elaine Kaplan; Administrator of the Small Business Administration (SBA) Karen G. Mills; and the Assistant Secretary of Labor for Employment and Training Administration (ETA) Jane Oates.

On July 7, 2011, Secretary Hilda L. Solis appointed a diverse group of individuals meeting the requirements above to serve on the committee. The following individuals will serve until July 7, 2013:

Member Name	Affiliation
Paul W. Bucha Committee Chairman	Medal of Honor Recipient Vietnam Veterans of America
Linda Bilmes	Daniel Patrick Moynihan Senior Lecturer in Public Policy Harvard Kennedy School
Charles Gracia	CEO, Garcia Trujillo
*Dawn Halfaker	President, Board of Directors Wounded Warrior Project
J. Michael Haynie	Professor, Whitman School of Management Syracuse University Founder, Entrepreneurship Bootcamp for Veterans
Henry G. Jackson	President and CEO National Society of Human Resource Managers
Richard M. Jones	Senior Vice President and General Tax Counsel for CBS Corporation Member, American Legion
Gary K. Kai	Executive Director Hawaii Business Roundtable
Kelly Chapman Meyer	Founder, The Teaching Garden Hollywood Philanthropist and Entertainment Industry Representative
Darrell L. Roberts	Executive Director, Center for Military Recruitment, Assessment and Veterans Employment (CMRAVE)

Kevin Schmiegel	Vice President U.S. Chamber of Commerce
Bob Simoneau	Deputy Executive Director National Association of State Workforce Agencies
Robert E. Wallace	Assistant Adjutant General and Executive Director Veterans of Foreign Wars
Joan Wodiska	Director, Education, Early Childhood, & Workforce Committee National Governors Association

ACVETEO FY 2012 Activities

The ACVETEO met four times during FY 2012: Quarter 1 - December 14, 2011; Quarter 2-April 25, 2012; Quarter 3-June 18, 2012; and Quarter 4-September 19, 2012. The committee worked diligently in the following areas; (1) assessing the employment and training needs of veterans; (2) determining the extent to which DOL programs and activities are meeting such needs; and (3) carrying out other necessary activities to make recommendations to the Secretary of Labor. The Committee divided into subcommittees focused on the following issues:

1. Working with DOL and VETS.
2. Bureaucratic challenges between federal and state government policies (red tape reduction).
3. Ineffectiveness of tax incentives to hire veterans in the VOW to Hire Heroes Act of 2011.
4. Monitoring activities that promote mentoring and hiring veterans.
5. Public private partnerships that promote veterans employment.

Below is an analysis of the subcommittees' research and recommendations.

Streamlining Federal and State Requirements for Veterans

The ACVETEO Subcommittee on Red Tape Reduction conducted a comprehensive analysis of Federal and State programs that provide employment services to America's veterans and provided key recommendations to streamline program application requirements. The findings and recommendations below were prepared by the National Governors' Conference and reflect the perspective of a variety of state officials, including Governors and State Directors of Veterans Affairs. While some of the recommendations do not fall within the purview of the Secretary of Labor, the recommendations would promote a more efficient operation and delivery of services to veterans.

Employment Related Finding and Recommendations

Increase Employer Outreach

The Committee was pleased to learn of VETS' initiatives that are designed to promote veterans' employment, including efforts to engage and educate employers on the "value of a veteran." However, many members felt that much more needs to be done. The Committee expressed concerns about how VETS "advertises" the resources and services available to veterans and employers at DOL and other federal agencies. Some members felt the current efforts are "small scale."

Recommendation: VETS should encourage companies to hire veterans, not only because it is the right thing to do after these men and women sacrificed so much on behalf of our country, but it is also "good for business." VETS should also give Local Veterans' Employment Representatives (LVERs) and Disabled Veterans Outreach Program (DVOPs) staff greater flexibility to do employer outreach, casework, and work with veterans and their spouses. DOL should also fund federal agency staff assigned to a state, versus taking money out of the states' federal allocation. Finally, DOL grantees should be required to provide hiring preferences to veterans.

The federal government should also increase outreach to employers. Many employers are unaware of incentives and benefits available to them for preferential hiring of veterans. Incentivizing employers not only increases veteran employment, but can also provide employers with a skilled workforce not otherwise available. Employers must also be educated on the special needs of veterans. Many employers have programs designed for workers with special needs, race, or gender issues. However, these programs also need to take into account the special needs of a veteran workforce.

Ensure Federal Programs Operate as a Unit

States expressed serious frustrations and concerns with employment and training programs offered by DOL and the corresponding inability to provide effective training and employment programs to veterans. In particular, the ability to improve the employment and training outcomes of veterans is limited by:

- Fragmented, uncoordinated, and excessive federal programs;
- Varied accountability, accessibility, allowable usages, etc.;
- Excessive competing interests and narrowly offered programs;
- Funding that compartmentalizes services into silos, which do not allow for system integration, economies of scale, or efficiencies; and
- Multiple referral requirements when veterans' needs are identified.

Recommendation: The federal government should reinforce and strengthen governors' authority to integrate services and programs for veterans. To this end, Congress and the Administration should ensure enhanced coordination across all federal agencies to de-compartmentalize services. This will ensure that veterans are receiving the best assistance available, regardless of agency, and that the federal government is operating its programs effectively and efficiently as a comprehensive unit. DOD should also de-centralize its contracting process and permit states to decide contracting services to ensure veterans are better connected to state assets. The federal government should work with states and community providers to ensure that basic outreach efforts to veterans are consistent and complete.

The federal government should also create a comprehensive electronic database accessible to veterans and states that provides an accurate and up-to-date listing of all federal benefits available and how to access them. This database should be fully integrated with all federal agencies to allow for the processing of claims, access to veterans' records, updated health information, and serve as the one gateway to all federal benefits and services for veterans. Federal agencies should work with employer groups, like the U.S. Chamber of Commerce, to inform members of incentives and benefits available for hiring veterans.

Strengthen the Transition Assistance Program

There are a number of programs at the federal, state and local level, available to veterans and employers of veterans. Before the enactment of the VOW to Hire Heroes Act, separating servicemembers were given the opportunity to participate in the Transition Assistance Program (TAP), which provided participants with information on educational and employment opportunities. While TAP is now mandatory, it is still not uniform across the separate military branches and does little to provide servicemembers with more localized services. Moreover, the lack of a clear, concise, and consistent federal cross-agency view of all the federal benefits to veterans remains a substantial barrier to effective employment and education. Veterans are often unsure of which programs are available to them and where these programs can be found in their communities, including Yellow Ribbon and Wounded Warrior events. Constant outreach is necessary to ensure veterans are informed of available opportunities in their area. Locally-based outreach also aids veterans' reintegration as a whole as it helps them feel less like outsiders and more like active members of their communities.

Recommendation: While the committee was pleased to learn about the revised TAP Employment Workshop provided by DOL, there still needs to be more coordination among the different federal agencies and more time dedicated toward preparing servicemembers before they leave the service. The federal government must provide more educational materials to separating servicemembers on programs that are designed to help them utilize their benefits for better education and employment opportunities.

Make Military Training Transferable for Licensing/Credentialing

Veterans are often prevented from obtaining certain jobs because they lack specific civilian certifications or licenses, despite more than adequate training or experience from their military service. For example, a servicemember with aircraft mechanic experience may be ineligible for a job due to lack of a proper Federal Aviation Administration certification. Veterans with medical training experience similar problems even though a military nurse or field medic has similar, if not more extensive, training than is required by federal standards.

Recommendation: Federal training programs should be aligned to offer veterans the opportunity to obtain state or industry certifications in order to keep them competitive in the job market. Flexibility to ease license requirements in certain circumstances should also be granted. While states must reserve the right to establish their own licensure and certification standards, where federal standards exist, military training must be aligned to ease soldiers' re-entry into the workforce. Furthermore, DOD must make public and or

share directly with states and national accrediting bodies, their programs of instruction for certain military occupation specialties. This information would allow states and certifying bodies to identify gaps in training and develop programs to bridge military training with civilian credentials and licenses.

Restore the 15% Set-Aside for Statewide Employment and Training Services

Across the country, veterans and their families rely on the federally supported Workforce Investment Act (WIA) one-stops to receive much needed employment and training services and support. For example, Massachusetts used the 15% set-aside to provide direct services to 7,742 veterans. Washington used the 15% set-aside to attract a new manufacturer, Profile Composites, committed to hiring veterans and individuals with disabilities. California used the 15% set-aside to provide training and specialized employment services to more than 2,200 veterans. Of the veterans who finished the program, 81percent found work and are now receiving paychecks and civilian benefits in high-wage jobs in clean energy and other growing industries. From coast to coast, states report that the WIA 15% set-aside was essential to providing services and support to veterans, their families, and to attracting businesses committed to hiring our nation's veterans.

Unfortunately, in recent years, the Administration and Congress significantly reduced federal support for these much needed services by reducing the Governors' 15% set-aside for statewide activities from 15% to 5%. The reduction had a negative impact on innovative programs that serve veterans. States expressed concern about the reduction which eliminated critical employment and training services to jobseekers, including veterans, at a time when those services are critically needed. Veterans' family members and potential employers were also impacted by the loss of funding.

Recommendation: Fully restore the WIA 15% set-aside funding for statewide activities to ensure that states may continue to develop innovative programs and use these funds for critical employment and training services to veterans, their families, and businesses that hire veterans.

In addition to the recommendations listed above, the subcommittee recommends:

- Giving states greater flexibility to use WIA funding;
- Allowing spouses of veterans to be eligible for all the same employment and training services as a veteran;
- Allowing states to tailor career counseling based on the age and need of the veteran;
- Ensuring that all federal agencies comply with the Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA);
- Allowing states to submit one consolidated application for all federal job training and employment programs to facilitate training and employment;
- Addressing federal programmatic barriers at DOL and the Department of Education (DOE); and
- Modifying WIA performance measures to include services provided to veterans connect them to eligible federal benefits.

Additional Findings and Recommendations

Common Definition of Veteran

There is no universal definition of veteran. Eligibility for veteran benefits such as home or business loans or tuition assistance often depend on a variety of factors, such as period of service and length of deployment. Also, while a veteran is defined as a servicemember “discharged under conditions other than dishonorable,” the VA requires additional review for any application for benefits for a servicemember who has not received an “Honorable Discharge” and not all applications are guaranteed to be approved. In addition, the definition of veteran often excludes members of the National Guard and Reserves from receiving federal benefits.

Recommendation: There should be a single definition of what constitutes a veteran in order to qualify for basic services, such as home loans, tuition assistance and employment benefits. The definition should include members of the National Guard or Reserve who served in Title 10 status. Qualification as a veteran should not require members of the National Guard or Reservist to formally separate from service since many Guard members remain affiliated with the Guard for several years. Finally, any servicemember, National Guard member or Reservist injured or disabled while in active federal service, and regardless of duration of service, should qualify as a veteran. This common definition does not preclude restricting certain programs or benefits to specific classes of veterans, but such qualifications should be in addition to the baseline definition of what constitutes a veteran.

Strategically Target and Eliminate Federal Bureaucracy

In January 2011, President Obama issued Executive Order 13563 directing agencies and departments to produce plans to eliminate red tape and to streamline current reporting requirements and mandates among all federal departments and agencies. The mismatch of federal regulations and reporting requirements for veterans programs, as well as veteran job training programs and services, place an undue burden on states and state agencies. The federal bureaucracy diverts funds and personnel from providing care and assistance to veterans. States, in partnership with locals, are doing more with less, combining programs, and alleviating barriers to serve veterans. The federal government should follow the lead of states, and in doing so, better support all veterans. Much can be and should be done through federal statute reform and administrative action. Even so, the federal government must undergo a culture shift to “own” and be held accountable to better serve our nation’s veterans.

Recommendation: Per President Obama’s Executive Order on red tape, federal agencies should identify areas where cross-federal agency collaboration would reduce administrative and regulatory barriers in the next 6 months, and once identified, agencies should implement those changes. More work must be done to streamline the federal bureaucracy to refocus services on veterans and not the system itself. Specifically, DOD, DOL, VA, DOE, the Department of Health and Human Services and other agencies serving veterans must work to identify opportunities for greater efficiency and swiftly eliminate and reduce paperwork, reporting, and regulatory burdens. The federal red tape reform should also advance new flexibilities to effectively use federal resources across multiple programs serving within states. In addition, federal departments and agencies should be incentivized to seek out and eliminate instances of federal waste, fraud and abuse.

Deploy a Strategy to Fix Veteran's Records

The first gateway to help a veteran is through their records. The DOD and DOL keep records of the numbers of veterans, their locations, their placement numbers, and types of assistance they receive. However, these records are often duplicative, incomplete, or kept by one agency and not the other. Without complete accurate records, veterans are unable to access their full benefits, such as education or vocational assistance. Incomplete or inaccurate records also prevent employers from receiving full or proper hiring incentives for which they may be eligible. Additionally, veterans seeking assistance or copies of their records are often unsure of whom to contact and are re-directed multiple times to multiple people and federal agencies. Having this information available in one central location reduces, and could possibly eliminate, the amount of federal red-tape preventing accessibility to full and proper benefits.

In addition, it is important for federal agencies to better coordinate with state and local entities. Agencies are often unable to share records due to privacy laws and regulations. However, state and local communities are best able to provide accessible, low-cost services to veterans and are closest to employer needs in their state and locale. Without access to reliable and complete records, states and local agencies are unable to provide veterans with the technical assistance and training needed for employment. Increased coordination and the sharing of records will better equip assistance programs to determine the specific training needs of certain veterans and where those services are located within a state or community.

It is worth noting that the majority of states have a central coordinating entity to work on veterans' issues. While there is no "one-size-fits-all" governance solution, in comparison to federal programs, states have cleaner lines of authority, higher expectations for meaningful collaboration, and governance structures aligned to achieve shared services.

Recommendation: To improve services to veterans, the federal government should maintain accurate and up-to-date records in one central location. At the request or permission of the individual veteran, these records should be easily and quickly shared by DOD or VA with other relevant federal agencies, as well as state veterans departments and workforce agencies. Furthermore, federal agencies should work with states to devise and implement record sharing protocols to improve access to servicemembers' DD Form 214.

Eliminate Delays to Process Federal Veteran's Claims

Once veterans' records are accurate, veterans' must clear the minefield of delayed claims at the VA. Despite efforts to reduce the amount of time needed to process paperwork, unacceptable delays remain for our nation's veterans. For example, processing times for claims related to health services or other benefits remain lagging. Claims have gone unprocessed in excess of 300 days to over a year. Such inaction and delays by the federal government impact our veterans, their families and loved ones. For example, the delay in processing a health claim can be the difference between receiving necessary medical assistance or returning to work. Veterans may have to take out loans to afford healthcare treatment or pay tuition. The time lag also has an adverse effect on disability determination for veterans. Exemptions or benefits that exist at the state or local level are held up until a disability determination is made at the federal level.

Recommendation: The VA should provide quarterly reports to the President, Congress, state officials, and the public on the total number of veterans' claims, detailed and disaggregated by the length of time to process claims, state, race, gender, age, disability, and the total number of claims completed and successfully processed. Many states have taken measures to increase the transparency of state programs and initiatives and such transparency can inform public discussion and drive accountability. Moreover, such reports should include the number of appeals, number of claims processing positions filled and turnover rate of claims examiners. Like the reporting on unemployment numbers, the VA should publicly report on claims processing. The Department should review all claims within 30 calendar days or better. To this end, the VA should work to eliminate duplicative efforts, forms, and redundant services by establishing one central database that would serve as an automated hub for veterans to access forms and claims. The VA should also work with state veterans' affairs officers and veteran services organizations to improve training for claims agents.

Supplemental Resources

In addition to the federal recommendations offered, the Committee recommends the following supplemental resources for veterans' services:

- State-Led Solutions for Veterans
- NGA National Guard and Reserves Survey
- List of pending federal veteran's legislation
- The National Labor Exchange (<http://naswa.org/nlx/>). The National Labor Exchange (NLX), administered by the National Association of State Workforce Agencies (NASWA), collects and distributes job openings exclusively found on corporate career websites and state job banks. All job openings are unduplicated, currently available and from vetted employers

Promoting Veterans Employment with Tax Incentives

Existing Tax Incentives

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to private-sector businesses and certain non-profit organizations for hiring certain individuals, including veterans, who have consistently faced significant barriers to employment. The WOTC program enables the targeted employees to gradually move from economic dependency into self-sufficiency as they earn a steady income, while participating employers are able to reduce their federal income tax liability.

On November 21, 2011, President Barack Obama signed the [VOW to Hire Heroes Act of 2011](#) (the Act), which extended and expanded the tax credit for veterans. Through this credit, employers can receive between \$2,400 and \$9,600 in tax credits by hiring:

- Veterans receiving Supplemental Nutrition Assistance Program benefits;
- Veterans with a service-connected disability hired within one year of discharge or release from active duty;
- Veterans with a service-connected disability who are unemployed for at least six months;

- Veterans who have been unemployed for at least four weeks; and
- Veterans who have been unemployed for six months or more.

The passage of the Act last year came as welcome news for the hundreds of thousands of veterans struggling with unemployment and their difficult transition to civilian life. The Act expanded the WOTC to allow businesses to hire eligible unemployed veterans and, for the first time, the credit was made available to certain tax-exempt organizations.

- **Timing** - The Act allows businesses to claim the WOTC for certified and qualified veterans who started working before January 1, 2013.
- **Certification** – In order to claim the WOTC, employers must present the Internal Revenue Service (IRS) with certification that the veteran has, in fact, served in the U.S. Armed Forces for over 180 days. Those who have been discharged before the prescribed period for a service-connected disability are also qualified. Finally, a certified veteran must work at least 120 hours within the tax year before the employer can claim the credit.
- **Mechanics** - The Act provides different tax credits for hiring disabled veterans, veterans unemployed longer than six months and veterans unemployed at least four weeks and not more than six months. The tax credit applies to qualified veterans who began working between November 21, 2011 and December 31, 2012.

The maximum tax credit amounts are as follows: 1) disabled veterans hired within one year of discharge who are unemployed more than six months (\$9,600); 2) disabled veterans hired within one year of discharge (\$4,800); 3) veteran unemployed at least four weeks but not more than six months in year prior to hire (\$2,400); 4) veteran unemployed more than six months (\$5,600).

A business may claim the maximum credit if it paid the qualified veteran at least that amount in wages during the tax year. Because tax-exempts do not pay “income” taxes, they are allowed a smaller amount of credit on their “withholding” (social security) tax liability. It is important to note that, under current law, only for profit businesses that have an “income” tax liability can utilize the tax credit. Before claiming the WOTC on a federal tax return, employers must first apply for and receive certification from a state workforce agency that the new hire is a veteran who meets the required qualifications.

Policy Recommendations

The Committee engaged in a robust dialogue with various constituencies and received feedback from stakeholders that raised serious concerns about the operation of the WOTC. Based upon this feedback and the inability of the Committee to establish a strong correlation between the existing tax credit process and veteran job creation, the Committee set forth several possible solutions that would encourage a significant increase in hiring veterans.

Expiration

Given the state of the economy, the chronically high unemployment rate affecting veterans and the forced drawdowns that will occur over the next few years, the veteran tax credit should be permanently extended. At a minimum, there should be an extension through 2017 since businesses need to plan ahead for hiring decisions. There will also be an increase in the number

of veterans leaving military service and looking for jobs as a result of the downsizing of the armed forces. A temporary tax credit does not help employers with long term hiring decisions or inspire confidence in businesses to make long term hiring and investment decisions. Employers need certainty and that certainty will have a dramatic impact on the number of veterans who are able to join the workforce.

Mechanics

Allow for businesses that do not have an “income” tax liability (and therefore are not able to utilize the tax credit) to use the same credit against “withholding” (social security) tax liability as the current WOTC provides for tax-exempt organizations. Many businesses in this economic environment do not have “taxable income.” This is especially true of many small businesses. If a business does not have “taxable income” and by extension an “income” tax liability, the “tax credit” is not an incentive to hire a veteran. There should be an option to treat the credit as a “refundable credit” offsetting withholding taxes (social security taxes) rather than solely as a “tax credit” offsetting income taxes. We need to provide certain and meaningful cash flow to employers in order to help underwrite the significant cost of adding veterans. Only meaningful and significant incentives will drive hiring behavior.

Simplification

We need to make it easier to hire veterans. In our criminal justice system there is a presumption of innocence. There should also be a mechanism for presuming veteran status without creating a cumbersome and ineffective certification process. Policymakers should simplify the process by eliminating the need to contact the local employment agency for verification of a veteran’s unemployment status and length of unemployment and allowing such businesses to accept a DD Form 214 and unemployment compensation checks or other documentation verifying unemployment status. In order to curb abuse, both the employer and the veteran would have to sign the perjury statement contained on Form 8850 which references Internal Revenue Code (IRC) Section 7206 (Fraud & False Statements Penalties: \$100,000/\$500,000 fine and/or three years imprisonment) and IRC Section 7207 (Fraudulent Returns & Statements Penalties: \$10,000/\$50,000 fine and/or one year imprisonment). Businesses would have the option to confirm unemployment status with the local employment agency if they found that process to be more convenient.

Prioritization

A grateful nation must show its respect and gratitude to its veterans who have given so much and who have asked so little in return. Therefore, it is only fitting that IRC Section 51(d) be modified to place “qualified veterans” as the first category of eligible recipients of the WOTC. This is not just a symbolic gesture to our veterans. It is, more importantly, a substantive message to prospective employers about how much we value our Nation’s greatest resource, its veterans. This will certainly help veterans overcome unnecessary stigma and help them obtain meaningful employment.

Accountability

Tax credits represent only one of a series of programs and initiatives that have been introduced in recent years aimed at improving the employment prospects of our returning veterans. Unfortunately, for many existing programs (including the WOTC) there has been limited effort

to rigorously measure the impact on employment outcomes. During difficult fiscal times, constraints on the federal budget may limit available resources for veteran employment initiatives in the future, so achieving improvements in veterans' employment outcomes through government programs requires focusing resources on those programs that are most successful. Therefore, we recommend establishing a committee that is charged with reviewing the efficacy and effectiveness of this tax credit after two years in order to ensure it is achieving its intended goal of hiring veterans.

Senate Bill 3536 - VOW to Hire Heroes Extension Act of 2012

In an attempt to operationalize many of the recommendations set forth above, the Committee worked closely with members of Congress to influence legislation that addresses limitations of the current law. The result is Senate Bill 3536, the VOW to Hire Heroes Extension Act of 2012. Senator Richard Blumenthal (D-Conn.) introduced the bipartisan bill, which would simplify the hiring of unemployed and disabled veterans. Senators Barbara Mikulski (D-Md.), Maria Cantwell (D-Wash.), Jim Webb (D-Va.), Tom Udall (D-N.M.), and Dean Heller (D-Nev.) are original co-sponsors. The proposed legislation would:

- Extend the WOTC for hiring veterans through December 31, 2016.
- Consider individuals “qualified veterans” for tax credit purposes if they furnish a: qualified veteran status documentation; qualified proof of unemployment compensation; and an affidavit affirming these documents. Companies would still be able to verify veteran unemployment status through the state workforce agency.
- Allow qualified tax-exempt organizations and for profits that have no profits for three previous consecutive years to make the credit available against payroll taxes for hiring a veteran.
- Require the Internal Revenue Service, in consultation with DOL, to report annually to Congress on the VOW to Hire Heroes Tax Credit.
- Ensure parity for tax exemptions.

Moving Forward in FY 2013

Beginning in FY13, the ACVETEO plans to tackle specific challenges facing veterans and employers in job seeking. The Committee will focus on the hiring process and retention, the interface between veterans and employers, and the campaign to put veterans back to work. The Committee is committed to clearly defining its objectives and goals to improve the transition for veterans into the civilian workforce and achieve results in reducing the number of unemployed veterans. As such, the Committee will:

- Work with BLS to develop new questions to evaluate the employment situation of veterans. After discussing the current questions associated with the BLS monthly surveys on employment, the VFW believes that questions cannot accurately capture an interviewee's history of military service or current employment situation – particularly if the interviewee continues to serve in the National Guard or Reserve or is pursuing an education through a military or veterans' benefit program.

- Help VETS professionals in American Jobs Centers leverage existing veteran resources and infrastructure in local communities to develop potential employment relationships. VSOs like the VFW should be able to offer mentoring and outreach opportunities to augment the capabilities of American Jobs Center personnel to reach transitioning and unemployed veterans.
- Explore ways to improve local hiring managers' TAP participation to foster direct interaction between potential employers and transitioning servicemembers and offer regular feedback to VETS on the relevance of TAP curriculum. Currently, local employers are invited to make presentations to TAP participants, but rarely have the opportunity to participate in all of the training modules. This kind of interaction could bridge the gap in understanding between the military and private sector, while also offering real time analysis of TAP so VETS could modify its curriculum in an ever-evolving marketplace.
- Develop an integrated marketing campaign aimed at encouraging employers to hire veterans into the workforce with a specific call-to-action, encouraging employers to reach out to American Jobs Centers to learn more. Similar to outreach and public awareness campaigns for VA medical careers and Medicare Open Enrollment, DOL should dedicate resources to informing employers about the benefits and urgency of hiring veterans as the current conflicts draw down and the military contracts its active duty force. Reports from groups like the University of Syracuse Institute for Veterans and Military Families and the Center for a New American Security have consistently demonstrated why employers should want to hire veterans. This information must be leveraged in a highly-visible public forum to ensure that potential employers understand that hiring veterans is an economic imperative with a decisive call-to-action.

Conclusion

Based on the Committee's work, it is clear that veterans need additional, enhanced, and coordinated federal training to be equipped to compete in today's job market. Moreover, there is no easy solution to the challenges faced by veterans and a "one size fits all" approach at the federal level will not adequately meet veterans' needs. Veterans are the backbone of our national and economic security. Now is a critical time to seize the opportunity to step-up, redesign, and reform the federal government's employment and training services to our nation's veterans. Across the country, governors and other state and local leaders are working together to redesign government, balance budgets, and ensure that the skills and assets of our nation's veterans are put to work back home. At the same time, a large and growing number of military forces are returning from overseas operations. Once home, returning soldiers and veterans are confronted by limited job prospects, skills gaps, and strained local and state resources.

Our nation's veterans need a stronger, coordinated, and more efficient federal, state, and local partnership to meet these growing and challenging employment needs. The stand-alone, disconnected, and fragmented federal programs, spread across multiple agencies, must be integrated, aligned, and consolidated to ensure that the customer – our nation's veterans – truly get the support and services they deserve from our grateful nation.

Governors firmly believe all veterans must have equal access to federal benefits and services, regardless of where they reside, and that federal government must collaborate with states to achieve this goal. States should not be expected to provide these services alone and, as a result, there is strong consensus supporting the need for better state-federal coordination. It is our hope that the Secretary agrees and supports the Committees' recommendations as set forth in this report.

The WOTC can be an effective means of enhancing employment among groups, like returning veterans, who have traditionally experienced low rates of labor force participation. The VOW to Hire Heroes Act provided larger dollar incentives for hiring and broadened coverage to a wider set of veterans. The Committee believes that by adopting the recommendations outlined in this report, the investment that our nation makes in incentives like the WOTC will act as a valuable source of labor market support for our returning veterans during a period of continued labor market weakness.

In partnership, ACVETEO and VETS continue its commitment to transitioning servicemembers and their families, veterans and its core mission to **PREPARE** separating servicemembers and their spouses for transition from military service to civilian employment, **PROVIDE** veterans with the resources, expertise and training to assist them in finding good jobs and to **PROTECT** their employment rights.

As the Committee looks to 2013, we intend to take the lessons and information uncovered during committee meetings to develop a straight forward series of recommendations specific to the Secretary of Labor that will build on the beginning made in 2012. We will continue to strive toward an efficient and successful process that leads our veterans from wearing the uniform of the United States while protecting our national interests at home and abroad, to wearing the uniform appropriate to a career as a member of the American work force. This will help ensure veterans' can once again provide security to our nation, only this time it will be towards our economic security.

It has been a privilege for all members of the committee to participate in and counsel the development of sound policies designed to ensure all of our veterans disabled, young, older, educated and trained have a future as robust as the service they have rendered to each and every one of us while they wore the uniform.