

Statement of Judith Caden
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Before the Committee on Veterans' Affairs
Subcommittee on Economic Opportunities
United States House of Representatives
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Mr. Chairman and Members of the Subcommittee, thank you for inviting me to appear before you today to discuss specific elements of the Department of Veterans Affairs' Vocational Rehabilitation and Employment (VR&E) Program. In keeping with your request, I will begin by talking about VR&E's contracting process, costs, and management. Then, I will discuss our partnering activities with the Department of Labor's Veterans Employment and Training Service (VETS). I am pleased to be accompanied by Mr. Jerry Braun, Deputy Director of VR&E Service, and Mr. Jan Frye, Deputy Assistant Secretary, Office of Acquisition and Materiel Management.

VR&E Contracting Process

The Vocational Rehabilitation and Employment program utilizes contractors to supplement and complement the services provided by VR&E staff to veterans participating in the each of the VR&E programs. A National Acquisition Strategy (NAS) was instituted in order to standardize and streamline the acquisition procedures used by VR&E staff to obtain contractors who provide these services to veterans. The NAS resulted in a list of qualified service providers for each regional office for the following three categories of services: Initial Vocational Assessments and Evaluations, Case Management and Rehabilitative Services, and Employment Services.

Two hundred and forty-one firm, fixed-priced, indefinite delivery/indefinite quantity contracts were awarded as a result of the NAS. The contractors were

selected by region to ensure veterans would have access to the services within a 50 to 100 mile radius of their residence. The initial base period of the current NAS contract's period of performance was October 1, 2002 through September 30, 2003. VA has renewed the contract in each of the next three years of a four-year option.

The Office of Inspector General (OIG) recently conducted an evaluation of the contract and identified several vulnerabilities in this contracting process. As a result, we have decided not to go forward with the final option year. Instead we are in the process of issuing a new NAS for a five-year period starting in fiscal year 2007. The vulnerabilities identified by the OIG in combination with our past experience will help to ensure that we improve upon the previous NAS contracts. We are currently developing a market research strategy to determine price reasonableness and VR&E's negotiation position. We are also reviewing modifications made to existing contracts to fully define our contracting requirements. A draft statement of work has been developed and is currently being reviewed within the Department.

Contracting Costs

Expenditures for the base year under the current NAS (October 1, 2002, through September 30, 2003) were \$8.7 million. Expenditures for the first option year (October 1, 2003, through September 30, 2004) were \$7.2 million. Expenditures for the second option year (October 1, 2004, through September 30, 2005) were \$8.3 million. We expect to spend \$8.9 million this fiscal year. Funds are monitored and an appropriate distribution of allowances is made throughout the fiscal year to the Regional Offices.

Contract Management and Oversight

VR&E Officers are responsible for management and oversight of the contracting activities at their stations. They ensure that acquisition procedures requiring separation of duties are followed and that vocational rehabilitation counselors make appropriate use of these contracting resources. Proposed expenditures are obligated by the VR&E Officer, the work performed by the contractors is monitored by counselors, and payments are approved by the VR&E Officer.

VR&E Officers review a representative sample of cases each month which includes an assessment of work conducted by the contractors as well as a review of fiscal activity including contract payments. In addition, VR&E Officers conduct systematic analyses of operations on a regular basis. One of the required reviews is on contracting activity.

Overall contract expenditures at a given regional office are tracked via our corporate management reports. Each station receives an allocated contract budget for the fiscal year. Funds are obligated against the station's allocation. VR&E Officers must closely monitor their funds and expenditures to ensure that their balance is adequate to provide services throughout the fiscal year.

VR&E Officers complete a Past Performance/Quality Assurance Questionnaire on a quarterly basis for the NAS Contracts. The questionnaire documents contractor performance and ensures corrective actions are taken in the event that performance is deficient.

In order to manage contracting activities, each Regional Office is required to have 2 Basic Level Warranted Contracting Officers (COs) and at least 2 Contracting Officer's Technical Representatives (COTRs). The Basic Level Warranted COs are VR&E Officers and Assistant VR&E Officers who may bind

the Government to the extent of the authority delegated to them, which is not to exceed \$100,000. These individuals were issued warrants upon successful completion of a mandatory 40-hour training requirement. To meet the training requirement, VR&E Service disseminated training materials and instruction to complete the Simplified Acquisition Procedures (SAP) Training on CD-ROM (16 hours) and the 24-hour online COTR Training. To date, 115 warrants have been issued to qualified VR&E Officers and Assistant VR&E Officers.

The COTRs assist the Contracting Officer in the administration and coordination of VR&E contracts. The COTRs are responsible for quality assurance, contract monitoring, conducting quality assurance reviews, and serving as the primary point of contact for the Contractor. Upon successful completion of the training, the National Contracting Officer issues a Letter of Delegation. To date, 256 COTR Letters of Delegation have been issued.

We have expanded the VR&E Site Visit protocol to require a review of contracting activities, such as contract agreements and disbursements, to ensure the station is adhering to the contracting guidelines for local and NAS contracts. Additionally, the site visit team reviews contract documentation to ensure required justifications for contractor selection are in place.

Implementation of MOA with DOL VETS

The second topic you requested that I address is the Memorandum of Agreement (MOA) VA has with the Department of Labor (DOL). VR&E and DOL's Veterans' Employment and Training Service (VETS) continue to work in partnership to provide comprehensive employment services with a focus on providing veterans with service-connected disabilities access to suitable employment opportunities.

On October 3, 2005, VR&E and VETS signed a revised MOA with the goal of improving service delivery to veterans with service-connected disabilities. The MOA expands and solidifies our cooperation as partners in case management, employment services, communication, reporting, oversight and monitoring, and accountability. These activities are all necessary to assist veterans to successfully achieve their rehabilitation goals.

Associated with the MOA, VR&E in partnership with VETS provided the guidelines and parameters for three workgroups that will develop recommendations to overcome the critical challenges facing the partnership.

They are:

- Developing and implementing effective performance measures for assessing the results of partnership activities;
- Developing a joint training curriculum design for use at the National Veterans' Training Institute (NVTI); and
- Developing a methodology for joint data collection, analysis, and reporting.

Each workgroup is comprised of three members from VR&E and VETS, and is co-chaired by both VR&E and VETS staff. By early to mid-summer each workgroup is expected to submit its final report which will include recommendations to address these gaps in the partnership process.

Implementation of the MOA with VETS has been made easier with the co-location of 72 Disabled Veterans Outreach Program (DVOP) specialists at 36 VA Regional Offices and 36 outbased facilities. At these offices, DVOP specialists and VR&E staff work together to provide efficient and effective delivery of employment services. Both groups are able to access the same resources and online technologies such as the VR&E job resource labs and VetSuccess.gov.

VR&E's goal of achieving excellence in the delivery of employment services requires that we establish and maintain close working relationships with our

VETS partners. VR&E's Employment Coordinators are an integral resource in the delivery of employment exploration, job readiness, and job placement services. To ensure that these services are provided in a comprehensive, timely, and individualized manner, Employment Coordinators partner with DVOP specialists and Local Veterans Employment Representative (LVER) staff. As partners, they assess the feasibility of employment services, recommend an appropriate vocational rehabilitation plan with the goal of suitable employment or independent living, and deliver job readiness skills training and job placement services. Our Employment Coordinators are helping to build a better VR&E/VETS partnership structure by performing critical liaison activities between VR&E rehabilitation counselors and the DVOPs/LVERs at the local level.

Earlier I mentioned VetSuccess.gov, VR&E's newly developed "online" employment resource that enables users to explore the features and benefits offered by the VR&E Program and apply for benefits. Users benefit from orientation to VR&E programs, expert vocational advice, rich labor market resources, and career development tools. The website also expands career networking relationships through our working partnership module. This module integrates the support of employers, VETS staff, educators, and faith and community-based resources for veterans seeking comprehensive online career solutions. VetSuccess.gov is an important tool for VR&E and we are pleased that our VETS partners are included as both users and as a resource under the partnership module.

We have also included our VETS partners in the national deployment of the 5-Track Employment model. The 5-Track Employment model is an improved integrated, employment-driven service delivery system that renews the focus on presenting employment options early in the rehabilitation planning process. At our invitation, VETS staff have attended and participated in training sessions implementing the model – three DVOP specialists attended the pilot training sessions, six VETS regional and state representatives attended the Employment

Coordinators' Training at NVTI this past November, and more recently, six representatives attended the Southern Area training conference held last month. Additionally a VETS senior staff person addressed each conference. We look forward to our VETS partners participating in the remaining three area training sessions.

VR&E has enjoyed success in several other partnership activities with VETS. In addition to what has already been mentioned, VR&E staff coordinated with VETS staff and shared resources at the New York Times Job Fair held on November 10, 2005; presented a briefing on VR&E services at VETS' Homeless Veterans Reintegration Grantees Program conference and jointly produced and presented satellite training broadcasts on the Disabled Veterans' Hiring Initiative (DVHI) and the Uniformed Services Employment and Reemployment Rights Act. Also, VETS' representatives delivered presentations at the last two VR&E Management Training Conferences. Additionally, VR&E presented a briefing on the 5-Track Employment Model at the National Association of State Workforce Agencies (NASWA) conference. NASWA represents the State Workforce Agencies and is a partner/stakeholder with VETS.

Mr. Chairman, I believe we are making progress in forging an effective partnership with VETS, and veterans with service-connected disabilities are benefiting from our progress through the availability and delivery of more comprehensive employment services. My staff and I meet with our VETS counterparts on an on-going basis. We have developed the VR&E Employment Model so that from a service delivery point of view, local DVOP specialists, LVER staff and VETS federal staff consultation/assistance is detailed and emphasized in each of the 5 tracks. Finally, we look forward to receiving and acting upon the recommendations we receive from the three joint workgroups on the critical issues which currently challenge the partnership.

From our standpoint Mr. Chairman, the VR&E/VETS partnership is alive and well and continuing to gain momentum and strength through our ongoing communications and joint participation in training activities and development of effective employment policies.

Mr. Chairman, this concludes my testimony. I greatly appreciate being here today and look forward to answering any questions you or other Members of the Subcommittee may have.