

**STATEMENT OF  
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BEFORE THE  
HOUSE COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY  
May 23, 2018**

Good morning, Mr. Chairman, Ranking Member O'Rourke, and other Members of the Subcommittee. I am pleased to be here today to provide the views of the Department of Veterans Affairs (VA) on pending legislation, including H.R. 2409, H.R. 5452, H.R. 5538, H.R. 5644, H.R. 5649 and a bill authorizing lease termination under the Servicemembers Civil Relief Act.

**H.R. 2409**

H.R. 2409 would amend section 305A of the Servicemembers Civil Relief Act (50 U.S.C. § 3956) to authorize Servicemembers to terminate their cable, satellite television, and Internet access service contracts while deployed, in addition to the current authorization for termination of telephone or mobile phone service.

VA defers to the Department of Defense (DoD) and/or Department of Justice (DOJ), as the subject matter of this bill is outside of VA's responsibilities and jurisdiction and has no impact on or cost for VA.

### **H.R. 5452**

H.R. 5452, the Reduce Unemployment for Veterans of All Ages Act of 2018, would eliminate the eligibility termination date (ETD) for access to Vocational Rehabilitation and Employment (VR&E) benefits and services by repealing 38 U.S.C. § 3103.

While VA supports the objective of this proposal, which is designed to reduce unemployment for Veterans of all ages, VA does not support this bill because we do not consider it necessary. Currently 38 U.S.C. § 3103(a) requires that VR&E benefits and services must be utilized within 12 years of a Veteran being discharged or released from active service. The last day of this 12-year period is referred to as the ETD. However, section 3103 and VA regulations (38 C.F.R. §§ 21.42 through 21.46) authorize the extension of the ETD for Veterans for a variety of reasons, e.g., a medical condition prohibited participation, character of discharge was a bar to benefits, a compensable service-connected disability rating was not established, to allow the Veteran to achieve goals of independent living services, and recall to active duty service prohibited participation.

In addition, the ETD may be waived, as needed, for Veterans who are determined to have a serious employment handicap (SEH) to ensure rehabilitation. Data for the period fiscal year (FY) 2014 to present indicates that, on average, 76% of

VR&E participants have an SEH determination. Lastly, recent data for FY 2017 indicate that approximately 86% percent of VR&E applicants apply for VR&E benefits and services within the ETD period.

Benefit costs or savings that would be associated with this bill have not yet been determined.

### **H.R. 5538**

H.R. 5538 proposes to amend 38 U.S.C. § 3105 to provide for the inclusion of certain additional periods of active duty service for purposes of suspending charges to Veteran's entitlement to VA educational assistance during periods of suspended participation in VR&E programs.

The bill would amend 38 U.S.C. § 3105(e)(2) to include Servicemembers ordered to active duty pursuant to 10 U.S.C. §§ 12304a and 12304b, which allow for the involuntary activation of certain members of the Reserve Component (RC). The inclusion of these authorities ensures that when participation in a VR&E program is suspended due to activation, the Veteran's entitlement period is not reduced, nor is this period counted toward the aggregate 48-month period for entitlement to all VA educational assistance programs, as governed by 38 U.S.C. § 3695.

VA does not interpret current section 3105(e)(2) to include 10 U.S.C. § 12304a or § 12304b. Current section 3105(e)(2) relates to the charge against entitlement for the payment of subsistence allowance to Veterans who had to discontinue participation in a VR&E program because they were called to active duty under 10 U.S.C. § 12304 (but not under 10 U.S.C. § 12304a or § 12304b).

VA supports this bill, which would ensure that members of the RC who are involuntarily activated under the authority of 10 U.S.C. §§ 12304a or 12304b receive the same benefits and protections as other individuals who are involuntarily activated.

No mandatory or benefits costs would be associated with the draft bill.

### **H.R. 5644**

H.R. 5644 would establish in VA the Veterans Economic Opportunity and Transition Administration (VEOTA) to administer programs that provide assistance related to economic opportunity for Veterans and their dependents and survivors. VEOTA would be responsible for the following VA programs: vocational rehabilitation and employment; educational assistance; Veterans' housing loans and related programs; verification of small businesses owned and controlled by Veterans, including the administration of the database of Veteran-owned businesses; Transition Assistance Program; and any other programs determined appropriate by VA.

The effective date of this draft bill, if enacted, would be October 1, 2019. For FY 2019 and FY 2020, the number of full-time equivalent employees authorized for the Veterans Benefits Administration (VBA) and the new administration would not be allowed to exceed 22,791.

While VA appreciates the Committee's focus on improving services and resources offered by these programs, we do not support this bill. The current VBA structure appropriately reflects the Under Secretary for Benefits' overall responsibility for Veterans benefit programs that include programs related to economic opportunity and transition, as well as compensation, pension, survivors' benefits, and insurance.

The service delivery of Veterans benefit programs related to economic opportunity has continued to improve year after year under the leadership of the Under Secretary for Benefits. There was a 33% increase in the number of VR&E Chapter 31 applicants from FY 2013 to FY 2017, with a corresponding increase of 17% in VR&E Chapter 31 participants. VR&E processed 107,200 Chapter 31 claims for entitlement in an average of 54 days in FY 2017. While most Veterans are in the program on average five or more years, in FY 2017 VR&E counselors achieved over 15,000 positive outcomes, to include successfully assisting over 12,000 Veterans in the achievement of their rehabilitation goals, with a 6.5% increase in employment rehabilitations from FY 2016.

VA has paid over \$86 billion in Post-9/11 GI Bill benefits to over 1.9 million individuals to date since the program's inception in 2009. Since the beginning of FY 2018, VA Education Service has processed original claims in an average of 21 days, below the 28-day goal, and processed supplemental claims in an average of 12 days, below the 14-day goal.

The Home Loan Guaranty program has over 3 million VA home loans on the books and has guaranteed record-breaking numbers of loans for the past three consecutive years, guaranteeing more than 740,000 in FY 2017 alone, which is almost 2,700 loans each business day. Additionally, VA's foreclosure and seriously delinquent inventories have led the industry for the past 40 quarters straight at an average .89 percent and 2.22 percent, respectively.

The Office of Small and Disadvantaged Business Utilization (OSDBU) currently reports directly to the Secretary or Deputy Secretary. OSDBU's mission is to advocate

for the maximum practicable participation of small, small-disadvantaged, Veteran-owned, women-owned, and Historically Underutilized Business Zone businesses in contracts awarded by VA and in subcontracts awarded by VA's prime contractors. This bill would move OSDBU's Center for Verification and Evaluation (CVE) program to the new administration. CVE administers the verification program required for service-disabled Veteran-owned small businesses and Veteran-owned small businesses and maintains the Vendor Information Pages database. There is some concern that moving this major aspect of the program from OSDBU to a new administration may result in a redundancy of efforts.

Furthermore, VA is in the process of modernizing the entire organization. In order to achieve modernization, the Secretary recognized that the Department must fundamentally change the way it operates. This requires the layering of oversight offices and concentrating resources in front-line Veteran-facing and Veteran-serving positions. The addition of another administration would increase oversight for programs that are currently in place, contrary to the modernization efforts that are underway. Maintaining a constant staffing level would mean the new employee requirements for oversight and administration would come at the expense of front-line Veteran-facing and Veteran-serving positions.

Section 3(a) of the bill would add a new section 306A titled "Under Secretary for Veterans Economic Opportunity and Transition" to title 38, United States Code. New section 306A(a) would make the Under Secretary for Veterans Economic Opportunity and Transition a Presidential appointee position, requiring the advice and consent of the Senate. The Under Secretary would be appointed without regard to political affiliation

and solely based on demonstrated ability in information technology and the administration of programs within VEOTA or similar programs.

New section 306A(b) would state that the Under Secretary for Veterans Economic Opportunity and Transition is directly responsible to the Secretary of Veterans Affairs for the operations of VEOTA.

New section 306A(c) would state that the Secretary of Veterans Affairs shall establish a commission to recommend individuals to the President for appointment to the position when a vacancy arises. The commission would recommend to the Secretary at least three individuals for appointment to the position. The Secretary would forward the recommendations to the President and the Committees on Veterans' Affairs of the Senate and House of Representatives with any comments. The Assistant Secretary or Deputy Assistant Secretary of Veterans Affairs who performs personnel management and labor relations functions would serve as the executive secretary of the commission.

No mandatory costs would be associated with the bill. While there would be no benefit costs associated with the bill, the appropriation language for the Readjustment Benefits account and the Credit Reform account would have to change to reflect the title of the new administration.

### **H.R. 5649**

H.R. 5649 would seek to improve transition assistance to Servicemembers and Veterans under the Transition Assistance Program (TAP) through improved private-public partnership, authorization of studies, and other changes.

VA appreciates the Subcommittee's interest in TAP and shares its desire to make sure that the program serves as many transitioning Servicemembers as possible, in the most effective way possible. To that end, the TAP interagency team currently has several interagency evaluations under way. These studies will provide us with the information needed to make evidence-based decisions as to what improvements should be made, and how best to make them. While we believe that legislation to mandate additional evaluations is premature at this time, we look forward to working with the Congress to improve TAP once we have completed these evaluations already in progress.

Sections 101 and 102 of the bill would focus on the contents of TAP to improve the individualization of and access to TAP and transition resources for Servicemembers. The bill would direct DoD, the Department of Labor (DOL), and VA to establish at least three individualized pathways to TAP for Servicemembers based on potential risk factors for Servicemembers' unsuccessful transition. The risk factors listed in the legislation include rank and type of separation from service, among others. Servicemembers would also be provided with a curated list of community resources to assist in establishing community and social connections. VA believes that Servicemembers would benefit from individualized transition planning based on their unique risk factors. Participation in training on employment preparation, education, vocational training or entrepreneurship would increase the chances of success for transitioning Servicemembers and better prepare them for effective transition and reintegration.



Title II would provide additional authorities that would help improve the effectiveness of TAP. Section 201 of the bill would mandate access to the National Directory of New Hires for VA and DOL. This access would allow the Departments to better track employment outcomes of transitioned Servicemembers and understand the effectiveness of TAP. Section 202 would reauthorize DOL's pilot program for off-base transition training for Veterans who have already transitioned and their spouses. VA defers to DOL with respect to this section of the bill. Section 203 would authorize VA to make grants to eligible organizations to assist transitioned Servicemembers and their spouses. DOL and VA note that grant programs related to employment are generally under the purview of the Secretary of Labor, therefore placement at DOL would be most appropriate. This would help to ensure that services are complementary and not duplicative of those available through the workforce system.

Finally, sections 204, 205, and 206 would mandate three studies of TAP. Section 204 would require a study of community programs providing transition services, section 205 would require a one-year independent assessment of TAP, and section 206 would require a five-year longitudinal study. VA has already begun development of a post-transition longitudinal study which will survey Veterans over time to gain detailed information about their outcomes and their evaluations of how the TAP program helped them to prepare for the transition to civilian life.

VA does not anticipate any additional costs to implement sections 101, 102, and 204. For section 205, VA anticipates a cost of \$2.2 million in FY 2019. For section 206 VA anticipates a cost of \$3.1 million over five years.

### **Draft Lease Termination Bill**

The draft bill would amend section 305(a) of the Servicemembers Civil Relief Act (50 U.S.C § 3955) to authorize a surviving spouse to terminate a contract to lease a residence when the Servicemember-lessee dies while in military service. VA defers to DoD and/or DOJ on this bill.

This concludes my testimony. We appreciate the opportunity to present our views on these bills and look forward to answering any questions the Committee may have.