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**STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
OF THE COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
JULY 17, 2019**

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting DAV (Disabled American Veterans) to testify at this legislative hearing of the Economic Opportunity Subcommittee of the House Veterans' Affairs Committee. As you know, DAV is a non-profit veterans service organization comprised of more than one million wartime service-disabled veterans that is dedicated to a single purpose: empowering veterans to lead high-quality lives with respect and dignity. DAV is pleased to offer our views on the bills under consideration by the Subcommittee.

H.R. 561, Protecting Business Opportunities for Veterans Act of 2019

This legislation would correct a persistent problem in contracting under the Veterans First Contracting Program (Vets First Program) by directing the Department of Veterans Affairs (VA) to work with the Office of the Inspector General to identify and penalize small businesses who take advantage of the program, which is designed to benefit veterans by utilizing "pass through" contracts.

The Vets First Program was created under Public Law 109-461 for Veteran-Owned Small Businesses (VOSBs) and expanded the Service-Disabled Veteran contracting program for VA procurements in order for veteran business owners and the government to benefit mutually. The program's purpose is to ensure that legitimately owned and controlled VOSBs and Service-Disabled Veteran Owned Small Businesses (SDVOSBs) are able to compete for VA VOSB and SDVOSB set-asides, are credited by VA's large prime contractors for subcontract plan achievements, and help stimulate the small business community and create growth for the economy.

However, the GAO found persistent problems in contracting under the Vets First Program of small business who take advantage of the program which is designed to benefit veterans by utilizing "pass through" contracts.¹ In this instance, so-called "pass through" contracts occur when a small business wins its contract based on these

¹ <https://www.gao.gov/assets/700/694684.pdf>

designated preferences and then subcontracts most of the work to a non-similarly situated firm. These “pass through” contracts violate the principle and rationale of these programs.

This bill would provide parity between the Small Business Act and Veterans First Contracting Program’s “Limitations on Subcontracting” and provide clarity as the Small Business Administration and VA implement joint regulations on SDVOSBs and VOSBs.

DAV supports this legislation in accordance with Resolution No. 302, which seeks and strongly supports the investigation, prevention and monitoring controls and to ensure that fraud is aggressively prosecuted and companies having committed fraud are suspended, debarred or otherwise held accountable.

H.R. 1615, Verification Alignment and Service-disabled Business Adjustment Act or the VA-SBA Act

This bill would move the VA’s verification of Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) and Veteran-Owned Small Businesses (VOSBs) responsibility to the Small Business Administration (SBA). The SBA will therefore fully take over the certification of SDVOSB & VOSBs government-wide and VA’s separate verification program will sunset.

Currently, SBA certifies small businesses that participate in most federal contracting preference programs, ensuring that only qualified enterprises benefit from over \$105 billion in annual small business spending. The exception is SDVOSBs that are verified by VA to qualify for VA contracts. These SDVOSBs are allowed, because of a disparity in the law, to self-certify, which has led to years of fraud, waste, and abuse. The U.S. Government Accountability Office (GAO) noted this in their 2012 report on the SDVOSB programs when it stated, “no action has been taken by agencies to improve fraud-prevention controls. Relying almost solely on firms’ self-certification, the program continues to lack controls to prevent fraud and abuse.”² Inadequate controls have allowed companies that are not owned and controlled by service-disabled veterans to game the system.

The VA-SBA Act seeks to address this problem by instituting an affirmative certification requirement for SDVOSBs throughout the federal government, to be implemented and maintained by the SBA. To accomplish this, the Act transfers responsibility for certification from the VA to the SBA and eliminates the option to self-certify. Finally, this bill guarantees that no self-certified SDVOSB will be excluded from a contracting opportunity if the SBA is slow to process its certification application, and preserves the unique VOSB contracting preference in VA.

DAV supports this legislation in accordance with our Resolution No. 303, calling for simplification of the verification process for VOSBs and SDVOSBs and No. 302,

² <https://www.gao.gov/products/GAO-12-697>

which seeks and strongly supports prevention and monitoring controls over the SDVOSB program.

H.R. 2227, Gold Star Spouses and Spouses of Injured Servicemembers Leasing Relief Expansion Act of 2019

This bill would authorize spouses of service members who incur a catastrophic injury or illness or die while in military service to terminate leases of premises and motor vehicles.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

H.R. 2618

This bill would amend the Servicemembers Civil Relief Act to provide a guarantee of residency for registration of businesses of spouses of service members and to improve the ability of military spouses to transfer their occupational licenses from state to state.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

H.R. 2924, Housing for Women Veterans Act

The Housing for Women Veterans Act (H.R. 2924) would reauthorize the Supportive Services for Veterans Families (SSVF) Grant Program and provide funding of \$400 million for fiscal years 2020 through 2022. While this funding level is \$20 million more than funding authorized for 2019, the bill would earmark all additional funds (\$20 million) for programs directed at meeting the needs of women veterans. In addition, the bill calls for a gaps analysis report that would identify areas in which current programs are failing to meet the needs of homeless and precariously housed women which may yield important information.

SSVF is a valuable program that concentrates on preventing very low income veterans and their families from becoming homeless. While research is ongoing to identify the housing and other outcomes of this program, the relatively small grants (on average about \$2,500 per veteran household) can make the difference between a veteran's family remaining housed and living on the streets—a far more expensive and intractable problem to address.

DAV supports the SSVF programs and appreciates that this bill would ensure that additional funding is directed at improving services for women veterans who have increased risk factors for homelessness in addition to often being the sole parents of dependent children. Based on DAV Resolution Nos. 019, which supports enhanced

services for women veterans, and 291, calling for sufficient funding to improve services for homeless veterans, we offer our strong support for this bill.

H.R. 2934, GI Bill Access to Career Credentials Act

Currently, VA pays only the test costs for licensing and/or certification for a field of employment, or up to \$2,000 for each test. Payment is issued after you submit proof of payment to VA. However, costs for preparatory courses, registration and processing fees connected with obtaining a license or certification are not reimbursable.

This legislation amends title 38, United States Code, to authorize the use of educational assistance under chapter 33 and 35 of that title to pay for preparatory courses for licenses and certification examinations.

While DAV does not have a resolution specific to this issue, we believe that providing added assistance by helping pay for these costs in attaining licenses or certifications for new career is beneficial to the service-disabled veteran, their survivors, and dependents, and we have no objection to its favorable consideration.

Draft Bill, authorize the Secretary of Veterans Affairs to assist blind veterans who have not lost use of a leg in acquiring specially adapted housing

VA provides grants to service members and veterans with certain permanent and total service-connected disabilities to help purchase or construct an adapted home, or modify an existing home to accommodate a disability. Under title 38, United States Code, § 2101, the Secretary may assist a disabled veteran described in acquiring suitable housing with special fixtures or movable facilities made necessary by the nature of the veteran's disability. An eligible veteran must have loss or loss of use of bilateral lower extremities or must have blindness in both eyes, light perception only, and must have loss or loss of use of one lower extremity.

The discussion draft would redefine the eligibility criteria. For those veterans with service-connected blindness, they would no longer be required to have this disability in combination with loss or loss of use of a lower extremity. This would expand the current criteria and allow veterans with service-connected blindness to live in an environment specially adapted to their visual impairment.

DAV does not have a resolution specific to this issue; however, we believe this would provide a much needed benefit to visually impaired veterans and we would have no objection to its favorable consideration.

Draft Bill, Forever GI Bill Class Evaluation Act

This bill would prohibit payment of educational assistance under the Post-9/11 GI Bill prior to 14 days before the first day of the quarter, semester, or term, and would

prohibit payment to an individual who withdraws from a program of education during the first 14 days of the quarter, semester, or term.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, the VA Economic Hardship Report—a bill to direct the Secretary of Veterans Affairs to study the link between certain economic factors and veteran suicides

This draft legislation would require that VA study associations between veterans' economic resources and their risk of suicide. It would require the Secretary to identify some numbers that are already routinely estimated, such as the number of homeless veterans, which is now determined by an annual "point in time" count, in addition to other counts such as the numbers of veterans who live in poverty, and those who are food or housing insecure, which are now estimated based on census data. VA would also be required to report the number of veterans who have attempted suicide or committed suicide and who, at that time were homeless, living in poverty or known to be food insecure.

DAV is aware that homelessness is a major risk factor for suicide, but socio-economic consequences in addition to suicide may be symptomatic of underlying causes such as unresolved medical disability, mental health or substance abuse problem and a failure to assist veterans with readjustment after deployment. These problems can often lead to a "cycle of decline," including family dissolution and loss of employment in addition to homelessness. Without exploring these causal factors, determining "links" between suicides and economic consequences may overlook the actual root causes of homelessness and identify confounded associations (for example, it may conclude that veterans commit suicide because they are food insecure when untreated PTSD and substance abuse may lead to job loss or family dissolution, which in turn causes many adverse economic consequences that may ultimately lead to suicidal ideation or suicide).

We would also hope that any future studies would take these factors into account as well as identify veterans by sex and racial or ethnic background in order for VA to better understand any gender differences or specific links that may be disproportionately affecting these veteran subpopulations.

DAV does not have a resolution calling for this study, but has no objection to its favorable consideration.

Draft Bill, to require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs

This legislation would require any institution that receives tuition or under the GI Bill or Survivors' and Dependents Educational Assistance (Chapter 35) programs to have a letter of credit as a condition of approval for those funds. Said letter of credit would need to show proof that a financial institution has provided a financial guarantee to the educational institution that ensures that if that institution closes, not less than 10 percent of the funds received as tuition or fees will be payable to the VA and that the educational institution has such amounts in an escrow account for such purposes.

DAV does not have a resolution that speaks to this issue; however, service-disabled veterans, their survivors and dependents, should not have to worry about the financial stability of an educational institution before they enroll for classes to better their economic outlook. This legislation would require an institution to prove it can reimburse the VA for tuition and fees if it closes prior to receiving those funds and we have no objection to its favorable consideration.

Draft Bill, Legal Services for Homeless Veterans Act

This bill would authorize VA to provide grants or enter into cooperative agreements with community entities to provide legal services to veterans experiencing homelessness and veterans who are at risk for becoming homeless within appropriated funds. It also requires a biennial report to Congress to include the number of homeless veterans assisted, a description of the legal services provided and operational and cost-effectiveness of the services rendered.

In its most recent CHALENG report (2018), VA acknowledges that those needs homeless veterans and their advocates are most likely to describe as "met" are those directly provided through VA, while unmet needs tend to be met through community partners. Veterans' needs for legal assistance for various issues are persistently identified through the annual homeless survey. This year male homeless veterans identified legal assistance in five different areas (child support (#3), prevention of eviction or foreclosure (#6), restoration of driver's license (#7), outstanding warrants and fines (#8), and also discharge upgrades (#9) among their 10 highest unmet needs. Female homeless veterans identified legal assistance in three different areas (including child support (#7), prevention of eviction or foreclosure (#9) and discharge upgrades (#10)) within their top 10 unmet needs.

These legal issues are often significant barriers in obtaining employment, reuniting families, maintaining or obtaining permanent housing or seeking benefits or child support to stabilize family income.

DAV supports this draft legislation in accordance with DAV Resolution No. 291, calling for Congress to fund grants to provide health and supportive services to homeless veterans.

H.R. 716, Homeless Veterans Legal Services Act

Like Congressman Panetta's draft bill above, H.R. 716—the Homeless Veterans Legal Services Act addresses homeless veterans' unmet needs for legal services, but does so by authorizing VA to fund a portion of costs for legal services delivered through community partners (subject to available funds). This measure focuses on legal services related to housing such as eviction defense, foreclosure and land-lord tenant cases; family law issues to include: child support issues, divorce, estate planning, and family reconciliation; and criminal defense matters such as outstanding warrants, fines, and driver's license revocation.

DAV supports this draft legislation in accordance with DAV Resolution No. 291, calling for Congress to fund grants to provide health and supportive services to homeless veterans but would recommend that the committee authorize appropriations to make funding available for this and the draft bill, Legal Services for Homeless Veterans Act to ensure other programs for homeless veterans are fully funded.

Draft Bill, to require that educational institutions abide by Principles of Excellence as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs

This bill would require a State approving agency, or the Secretary when acting in the role of the State approving agency, to disapprove a course of education provided by an educational institution if that institution has not agreed to abide by the Principles of Excellence or has violated said principles.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, to authorize State approving agencies to carry out outreach activities

This bill would authorize State approving agencies to carry out outreach activities using amounts otherwise authorized to be appropriated. No additional amounts are to be authorized to be appropriated to carry out these activities.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, authorize the Secretary of Veterans Affairs to collect overpayments of specially adapted housing assistance

The discussion draft would amend title 38, United States Code, § 2102, which provides limitations on furnished assistance of grants to service members and veterans with certain permanent and total service-connected disabilities to help purchase or construct an adapted home, or modify an existing home to accommodate a disability. Whenever the Secretary finds that an overpayment has been made to an individual as a result of breach of contract or administrative error, the amount would be considered a liability of such individual to the United States.

The individuals are defined as a veteran who applies for assistance, an owner or seller of real estate, a builder, contractor, supplier, tradesperson corporation, partnership or person associated with the delivery of assistance. It further defines said individuals as an attorney, escrow agent, or financial institution that receives or holds escrow funds and also includes a surviving spouse, heir, assignee, or successor of interest in the definition.

We understand the intent of this draft and that it is a reasonable expectation that recipients of overpayments are required to repay debts; however, it is unreasonable that a veteran or surviving spouse should be responsible for debts caused by a VA administrative error. Moreover, any recouping of overpayments from a veteran or surviving spouse should not place them in financial hardship.

In accord with DAV Resolution No. 172, DAV urges this Subcommittee amend this legislation to ensure there are limitations in the amount of monies recouped from a veteran and surviving spouse so as not to impoverish them, and overpayment debts created at the fault of VA be waived by the VA.

Draft Bill, require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in educational assistance programs of the Department of Veterans Affairs

This bill would prohibit the Secretary, or a State approving agency from approving a course of education offered by a proprietary for-profit educational institution unless the institution derives not less than ten percent of such institution's revenues from sources other than Federal funds.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, extend the time period under which an election must be made for entitlement to educational assistance under the All-Volunteer Educational Assistance Program of the Department of Veterans Affairs

This bill would remove any time period restrictions on a service member's ability to elect to receive educational benefits under the All-Volunteer Educational Assistance Program.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, Student Veteran Empowerment Act of 2019

This bill would make improvements to the educational assistance programs of the VA, to include Chapter 35 of title 38, United States Code. These improvements include prohibiting the VA from charging against an enrollee's time-period or entitlement if they cannot transfer credits from a disapproved program of education, requires educational institutions seeking approval to participate in a program under title IV of the Higher Education Act of 1965 and has agreed to abide by the Principles of Excellence under Executive Order 13607, increasing oversight over education institutions, and verifying enrollment for each individual enrolled in a course or program of education and is receiving Post-9/11 Educational Assistance Benefits.

DAV does not have a resolution specific to this issue but we would not object to its favorable consideration, as it would benefit dependents and survivors of veterans whose death was due to a service-connected disability or of a veteran whose service-connected disability has been rated by VA to be permanent and total.

Draft Bill, increase the monthly housing stipend under the Post-9/11 Educational Assistance Program for individuals who pursue programs of education solely through distance learning on more than a half-time basis

This bill seeks to increase the monthly housing amount received by those enrolled in a course or program of education under the Post-9/11 GI Bill on more than a half-time basis through distance learning solely.

DAV does not have a resolution that addresses this issue and does not take a position on this bill's passage.

Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions you or members of the Subcommittee may have.