

**STATEMENT OF
JOSEPH C. SHARPE JR., DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
FEDERAL CONTRACTOR COMPLIANCE**

MAY 14, 2009

Madame Chairwoman, Ranking Member Boozman and Members of the Subcommittee:

Thank you for the opportunity to present The American Legion's views on Federal Contractor Compliance.

The Department of Labor (DOL), Office of Federal Contract Compliance Program (OFCCP) ensures employers comply with nondiscrimination and affirmative action laws and regulations when doing business with the Federal government. The Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, section 4212, title 38, United States Code (USC), states that covered contracts entered into by any department or agency for the procurement of personal property and non-personal services (including construction) for the United States, shall contain a provision requiring that the party contracting with the United States shall take affirmative action to employ and advance in employment qualified special disabled veterans, veterans of the Vietnam era and any other veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized.

In the Federal Register of August 8, 2007, OFCCP significantly expanded the responsibilities of Federal contractors concerning their affirmative action plan for veterans. The Federal Register noted that Federal contractors are required to conduct active outreach to find veterans; going far beyond posting their internet listings. Listed are persons and organizations that Federal contractors are directed to partner with to ensure appropriate outreach for eligible veterans.

- The Local Veterans' Employment Representative in the local employment service office nearest the contractor's establishment;
- The Department of Veterans Affairs Regional Office nearest the contractor's establishment;
- The veterans' counselors and coordinators (Vet-Reps) on college campuses;
- The service officers of the national veterans' groups active in the area of the contractor's establishment; and
- Local veterans' groups and veterans' service centers near the contractors establishment.

Based upon dialogue with Local Veterans' Employment Representatives (LVERs), veterans, and other organizations across the country, The American Legion found that Federal contractors have not consistently enlisted the assistance and support of the above mentioned persons and

organizations in recruiting, and developing on-the-job training opportunities for, qualified disabled veterans recently separated veterans, other protected veterans, and Armed Forces service medal veterans, to fulfill its commitment to provide meaningful employment opportunities to such veterans. In 2005, the Government Accountability Office (GAO) reported that state workforce administrators cited lack of Federal contractor compliance with the law's provisions as most likely to have limited veterans' employment opportunities. Currently, Federal contractors are listing internet openings without discussion with state staff or LVERs within the One-Stop Career Centers.

America has benefited immeasurably from the service of its 23.4 million living veterans, who have made great sacrifices in the defense of freedom, preservation of democracy, and the protection of the free enterprise system. The current Global War on Terror has had a devastating impact on the Armed Forces and has contributed to exacerbating this country's veterans' unemployment problem, especially within the Guard and Reserve components of the military. According to DOL, the present unemployment rate for recently discharged veterans is an alarming 20 percent, and one out of every four veterans who do find employment earn less than \$25,000 per year.

Small business creates an estimated 60 percent to 80 percent of net new jobs, therefore providing a central element for strong economic growth. One way of combating high unemployment among veterans is through the creation of new jobs through Federal contractors. Currently, too many military families are suffering financial hardship while their loved ones are recuperating in military hospitals around the country. Spouses are leaving their jobs to be with that disabled service member only to watch their family finances deteriorate. Seamless transition, in many cases, is just a wishful thought; however, if Federal contractors/subcontractors would hire a suitable amount of veterans, it would have a significant impact on veterans' unemployment rate and overall morale of the country.

Listed below are several states with Federal contractors who obtained contracts with the Federal government in excess of \$100,000 for April 2009.

| STATE | TOTAL FEDERAL CONTRACTORS | CITIES | MANUFACTURING CONTRACTORS | CONSTRUCTION CONTRACTORS | OTHER BLUE COLLAR CONTRACTORS |
|---------------------|---------------------------|--------|---------------------------|--------------------------|-------------------------------|
| SOUTH DAKOTA | 115 | 34 | 16 | 21 | 5 |
| ARKANSAS | 201 | 67 | 41 | 41 | 8 |
| VIRGINIA | 3,029 | 179 | 304 | 148 | 39 |
| ARIZONA | 577 | 64 | 101 | 61 | 27 |
| NEW JERSEY | 858 | 270 | 250 | 81 | 15 |
| NEW MEXICO | 365 | 59 | 37 | 54 | 11 |
| FLORIDA | 1,486 | 207 | 383 | 142 | 35 |
| KANSAS | 289 | 56 | 61 | 38 | 5 |
| NEW YORK | 1,417 | 341 | 379 | 96 | 31 |
| CALIFORNIA | 3,800 | 499 | 932 | 339 | 64 |

The above mentioned figures show measurable opportunities for small businesses that obtain Federal contracts to hire qualified veterans.

RECOMMENDATIONS

The American Legion believes veterans should be considered and hired first by these contractors and subcontractors who receive contracts from the Federal government. It was the veteran who volunteered to defend this nation, the veteran who continues to keep this democracy intact, and the veteran who deserves the right to participate in rebuilding America's infrastructure and other necessary projects.

Every contractor and subcontractor has the requirement to file a Vets-100 report to measure compliance for the year. Many LVERs, Disabled Veterans' Outreach Program (DVOPs) Specialists, state veterans' staff, and veterans' advocates believe non-compliance with the filing of the Vets-100 is rampant since there is little if any consequence to non-compliance in the program. The American Legion recommends that Vets-100 report should no longer be filed electronically, because it goes around the law's intent of bringing employers and the One-Stop Career Centers together to discuss and develop employment opportunities for veterans. The American Legion also recommends Vets-100 be amended to measure direct compliance with OFCCP regulations. Listed are two suggestions in relation to this issue:

- The Vets-100 should require the signature of a LVER to ensure that businesses are performing their required outreach at least once a year.
- The completed Vets-100 submitted to the LVER for signature should have the name, signature, title, and phone number of the required affirmative action officer so the LVER has the optimal company contact information for veterans.

Additionally, The American Legion recommends that the Federal Contractor Veterans Employment Program presently under OFCCP should be placed under the direction of the DOL's Veterans and Employment Training Service (DOL-VETS), so this program can receive proper oversight, as well as input and guidance from stakeholders.

The mission of The American Legion's National Economic Commission is to take actions that affect the economic well being of veterans, including issues relating to veterans' employment, home loans, vocational rehabilitation, homelessness, and small business owned by veterans, especially those with service-connected disabilities. It is vital that eligible veterans receive a fair and proportionate amount of Federal employment from Federal contractors so these veterans can build and maintain a quality-of- life, while they contribute to the United States economy.

We look forward to continue working with the Subcommittee to enhance employment among America's veterans. The American Legion appreciates the opportunity to present this statement for the record.

Again, thank you Madame Chairwoman, Ranking Member Boozman and Members of the Subcommittee for allowing The American Legion to present its views on this very important issue.