

Written Testimony

Of

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Concerning

# **Veterans Employment and Government Contractors**

Subcommittee on Contracting Oversight  
Senate Committee on Homeland Security and Governmental Affairs

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# WRITTEN TESTIMONY

Good morning, Chairman, members and staff of the Subcommittee on Contracting Oversight for the Committee on Homeland Security and Governmental Affairs.

I am very pleased to discuss with you how veterans are being employed by government contractors.

VetJobs ([www.vetjobs.com](http://www.vetjobs.com)) has a unique vantage point on this discussion as by the nature of our business over the last thirteen years, VetJobs has dealt with veterans and their family members on a daily basis who are pursuing employment with government contractors. VetJobs assists all veterans, including Officer and Enlisted, Active Duty, Transitioning Military, Reservists, Veterans and Retirees, of the Air Force, Army, Coast Guard, Marine Corps, Merchant Marine, National Guard, Navy, NOAA and Public Health Service, DOD civilians and their family members.

## Background

When looking at veteran employment, it helps to understand that from an employer's perspective, there are **three groups** that comprise the post military service veteran employment and unemployment picture.

The first group would be those who are transitioning off active duty with no further military obligation and who are most frequently referred to as veterans. This group is the most desirable veteran group from which employers prefer to hire since the candidate has no further military obligation but comes with many skills and attributes wanted by employers.

The second group is comprised of the Federal Reservists of the Army, Air Force, Coast Guard, Marine Corps and Navy. While these veterans have the same attributes as the transitioning military, they are subject to being called up on a regular basis.

The third group is the National Guard. There are 54 National Guards who belong to the states and territories of the United States.

While all three groups are veterans, it helps to make the distinctions when analyzing how the veterans are being employed or why employers prefer one type of veteran over another.

Of the three groups, the National Guard has unique problems and is the least preferred source of veterans. Unlike active duty component members, when National Guard component members return from war they are demobilized and thus do not have a ready source of income unless they can find or have a civilian job. Given the bias against hiring National Guard members due to the call up policy and high operation tempo, National

Guard members have problems maintaining a continuum of service with a civilian employer. Additionally, since the National Guard component member belongs to the state and reports the governor of a state or territory, the National Guard personnel are used for local emergencies such as flooding, hurricanes, earthquakes and security services within a state which again takes them away from their employer.

This leads to financial difficulties and a host of family and personal problems for the National Guard participant.

During a press conference on January 11, 2007, Secretary of Defense Robert Gates and General Peter Pace, Chairman of the Joint Chiefs of Staff announced that the policy on the use of the NG&R was changing.

The previous Pentagon's policy for the National Guard & Reserve (NG&R) had been that members' cumulative time on active duty for the Iraq or Afghan wars could not exceed 24 months. That cumulative limit was lifted; the remaining limit would be on the length of any single mobilization, which may not exceed 24 consecutive months. What this meant was a National Guard member could be mobilized for up to a 24-month tour in Iraq or Afghanistan, be demobilized and allowed to return to a civilian working life, only to be mobilized a second time for as much as an additional 24 months for a total of 48 months in any 60 month period. In practice, most members of the National Guard have been called up for only 12 to 18 months and then released back to the civilian work force. Many have then been recalled again. But due to the change in the call up policy, the annual unemployment rate of the 18 to 24 year old veterans doubled from 10.4% in 2006 to 22.3% in 2007!

From a business point of view, one must understand that companies have a fiduciary responsibility to their shareholders to run an efficient and profitable operation, but they cannot do so if they cannot count on the availability of their employees. While for a business person this is common sense, those making the decisions on how to utilize the NG&R seem to have missed what corporate America is saying about extended call-ups. Employers will not support having their employees gone for long periods of time.

Consequently, the real veteran unemployment problem is in the NG&R. In 2007 the Department of Defense changed the NG&R from being a strategic reserve to an operational reserve. This made sense given the need for combat troops during the wars. But contrary to the Department of Defense (DOD) stated policy of calling up members of the NG&R only one year in six, the NG&R was used as a back door draft with multiple deployments.

For example, the National Guard in Georgia has had six one year plus call ups at the brigade level in the last ten years. That makes it very difficult for a member of the National Guard to keep a job. Many studies have found that due to the constant call ups, employers shy away from hiring active members of the NG&R.

Listening to the mainstream press and certain government executives, one would think the majority of veterans are unemployed, have PTSD or lack civilian work skills. For

example, a senior representative from the Department of Labor speaking at the Society of Human Resource Management (SHRM) 62<sup>nd</sup> National Conference in Las Vegas in June 2011 left the audience with the impression that most veterans have PTSD, do not have skills and are unemployable. Her speech was that veterans were broken. Fortunately, that is NOT the case.

The real story is that most veterans are finding jobs when they leave the active military. At VetJobs we have noticed that those veterans who are totally separated from the military are for the most part finding employment. Not so with the NG&R.

It is interesting to note that the unemployment rate for all veterans as a group has ALWAYS been lower than the national unemployment rate. While there will always be those select individuals who have problems finding work, as a whole, the veteran employment rate has historically done quite well when compared to their civilian and nonveteran counterparts, even during the current chronically bad economy.

The June 1, 2012 Current Population Survey (CPS) veteran unemployment report had total veteran unemployment at 7.8%, with a total of 880,000 veterans unemployed. This compares very favorably to the national CPS unemployment rate of 7.7%. One of the major sources of employment that has kept the overall veteran unemployment so low is government contractors.

However, the CPS unemployment for 18 to 24 year old veterans jumped from 18.6% in April to 23.5% in May. The majority of the 53,000 unemployed 18 to 24 year old veterans are in the NG&R.

Employers in America, and especially government contractors, see veterans as one of their most valuable sources of labor so long as the veteran is not active in the National Guard.

One final note for background: It is important to understand why employers make hires. Some Department of Labor (DOL) officials like to tout how many unemployed people there are for each job opening in the country and then bemoan the fact that employers are not hiring the unemployed. DOL and other governmental officials who make these statements are displaying a gross misunderstanding of how our economy works and why employers hire candidates.

Employers do not hire someone just because they are standing and breathing or are unemployed. Employers hire candidates to fill a need within the company. Bottom line is employers look for “qualified” candidates to hire. If one were to ask how many qualified candidates exist for each job opening in the country you would have large negative numbers in disciplines like healthcare (nurses, general practitioners, morticians, etc.), maintenance, electricians, welders, software engineers, internet security specialists, just to name a few.

Government contractors are major employers. Many have discussed with me the problem of finding qualified candidates to hire. And for that reason government contractors like to hire veterans as generally they have excellent skill levels.

## **Why Employers Hire Veterans**

Leading reasons why employers hire veterans include the following:

**Proven Leadership:** Veterans are put into leadership roles at early stages of their time in the service. The real world, front line and often battle proven leadership developed in the military is well beyond that of a similar person in a civilian job.

**Mission Focused:** Every member of the military is used to working in an environment that is focused on the mission at hand. They are not clock watchers, but rather are focused on what it takes to be successful in their mission.

**Team Players:** From the early stages of initial training, all members of the military are used to working in a team environment. Some teams are small, others very large, but all members of the team know that their individual efforts are to support the team in reaching the larger objective.

**Work Ethic:** The work ethic of veterans is unparalleled due to the need to depend on each other for their lives. Every military person knows that their life and success depends on their teammates. As a result, the work ethic of veterans is vastly stronger than the normal civilian work ethic. People who have served in the military are used to working long hours in non-traditional environments.

**Skill Training and Education:** Today's veterans have been trained in nearly every occupation imaginable, with a strong emphasis on technology. Most of the training schools of the military that teach technology, leadership, recruiting (sales), management and operations surpass those available to civilians.

**Immediate Contributor:** Veterans, through their proven experiences in the military, become valuable contributors from day one of employment. Veterans are used to being challenged, encouraged to demonstrate initiative, think quickly on their feet and give recognition for performance to those who earn it.

**Background Checks and Security Clearances:** Over 90% of those in the military have had extensive background checks for various levels of security clearances. When a company hires a veteran, the veteran is less likely to become a risk to the company or its operation. If a company requires security clearances, a veteran can save the company a great deal of money on special background investigations since the veteran's clearance can be transferred in status.

**Government Paid Relocation Assistance:** When leaving active duty, veterans are given government paid relocation. The amount of this assistance varies with each individual, but it can save companies money that can be used for other purposes.

## **Government Contractors Proactively Hire Veterans**

For all the reasons discussed above, I have found that government contractors are proactively hiring veterans.

Government contractors use many public and private resources to reach the veteran community. Frequently used resources and recruiting channels include:

- Military related job boards – private industry and government sites
- Military related newspapers and magazines
- Military related career fairs
- Networking
- Social networking sites
- Veteran Service Organizations (VFW, Legion, MOAA, ROA, etc.)
- Radio and TV advertising
- Veteran representatives at state and federal DOL workforce center
- Private and government sponsored career mentoring organizations
- University career placement centers

Representative companies who have outstanding military hiring programs and would be models for others to follow in the hiring of veterans include General Electric, CACI, ManTech International, BNSF Railway, Lockheed, Boeing, Rockwell International, Schneider Logistics, Home Depot, Loews, Combined Insurance, Prudential, etc. The listing of government contractors who do excellent jobs in pro-actively seeking to hire veterans could go on for many pages.

So the Committee can better understand what an outstanding military recruiting program by a government contractor looks like, I would like to highlight the military and veteran recruiting program and efforts of one of our many customers, BNSF Railway. BNSF is a major employer of not only veterans and transitioning military, but has also been an outstanding employer of the NG&R!

BNSF has a strong and nationally recognized military recruiting program. BNSF currently employs more than 6,000 veterans. In 2011, BNSF hired 5,500 new employees of which 1,339 were veterans which was 24% of all hires. Of the nearly 2,000 new hires made in 2012, 481 have been veterans, which again is 24%!

To accomplish this feat, BNSF has made a serious commitment to hiring veterans. For example,

- BNSF has an exclusive military staffing program lead by a dedicated full-time employee who is retired military. Government contractors who use dedicated military recruiters always do better when it comes to hiring military. Interested veterans can learn more about BNSF and apply online at [www.bnsf.com/careers/military](http://www.bnsf.com/careers/military) or contact John Wesley III, US Army, 1SG (Retired), Manager Military Staffing, at [john.wesley2@bnsf.com](mailto:john.wesley2@bnsf.com). The program originated in 2005 as BNSF met and exceeded the challenge of creating an actionable program that took advantage of making veterans a valuable part of the BNSF workforce.
- BNSF makes extensive use of the recruiting the channels discussed above. This includes using the DOD transition centers, DOL workforce veteran representatives, heavily advertise on military job boards like VetJobs, and attend career fairs. On average, BNSF attends fifty (50) veteran focused job fairs and recruiting events annually.
- BNSF offers enhanced and extended benefits for those employees who participate in the NG&R and are called to active duty, including make-whole pay and company-provided sustained health care benefits for the duration of the orders which includes coverage for family members.
- BNSF offers fifteen (15) days of make-whole pay, without the use of any vacation, for employees in the NG&R for military training (e.g. annual training, etc.).

Other initiatives that BNSF has implemented include internal veteran programs such as:

- **Blue Star Gold Star Banner program** - sending the appropriate blue or gold star flag of recognition to every family of each of deployed employee service member who has answered the call to service in support of the Global War on Terrorism. Additionally, the appropriate flag is sent to the veteran employee's place of work and displayed for co-workers to remember until the employee returns.
- **Annual Veteran's Day recognition program** - BNSF chairman and chief executive officer Matt Rose sends personal letters of appreciation to every veteran employee (1<sup>st</sup> year included the new BNSF veteran lapel pin).
- **Patriot Award Program** - is a way for BNSF veteran employees who are called to serve in active military duty to recognize and thank their supervisors for their support

BNSF is truly a role model for civilian employers on how to hire and keep veterans in their workforce.

## **Obstacles to Government Contractors Hiring Veterans**

At VetJobs we have found that government contractors of all sizes maintain active military hiring programs and want to hire veterans. While they prefer to hire veterans

who are totally separated from their military service, government contractors have proven to be leading employers of members of the NG&R.

But there are actions taken by the federal government which have unintended consequences and actually discourage the hiring of veterans. The following information is based on my conversations with many government contractors who think things need to change so they can be more effective in hiring veterans.

## **VETS100**

A hindrance to hiring is the reporting requirements of the VETS100 and VETS100A. The VETS100 report is required by DOL of all government contractors. It is a very time consuming report and costs private industry many millions of dollars to collect the data. Yet only 5% or less of government contractors are audited for the VETS100 report.

Another problem with the VETS100 report is many members of the NG&R do not want to disclose they are active in the NG&R over concerns of keeping their jobs.

From a business perspective, for a report to be effective it has to be relevant, timely and actionable. The VETS100 report does not meet any of these three criteria.

Additionally, there really is no serious consequence to a government contractor. From an employer's perspective, the VETS100 report is an expensive paperwork exercise draining assets that could be better utilized within the company.

As a businessman, I have to ask why the government is requiring a universe of all government contractors to collect data when the government is only going to audit 5% or less of those collecting the data.

Is the purpose of the VETS100 report is a paperwork exercise to justify government budgets and bureaucratic jobs at DOL?

If the government wants to know how many veterans have been hired at a company, that information could be asked during an OFCCP desk audit. Or DOL could request that the local veteran employment representative (LVER) sign off on the VETS100 report so they know what is happening in a more timely fashion. This might facilitate better exchange of information between government contractors and DOL.

But the real bottom line is the fact that the VETS100 report does not cause more veterans to be hired by government contractors. Thus, for all the expense that the report causes employers, I could easily support eliminating the VETS100 report and DOL could find other meaningful employment for the bureaucrats that collect the information.

## **Certifications and Licenses**

Personnel who serve in the military are trained in over 200 occupations that provide skills wanted by civilian employers and especially government contractors. Most of the skills learned by people serving in the military have direct civilian application but to obtain a civilian job the candidate frequently needs civilian certification or a license.

If DOD education and training commands were to add civilian certification to their training programs, it would be easier for a transitioning veteran to find civilian employment. This is particularly true with government contractors who frequently need candidates with specific certifications.

This assumes that the unions will no longer fight the awarding of civilian certifications to military personnel and assumes active duty commanders will understand that providing such certifications will not be a retention problem. In fact, it could help retention.

I would recommend that military education commands and institutions provide training that meets civilian certification and licensing requirements.

## **Office of Federal Contract Compliance Program (OFCCP)**

There needs to be a serious review of OFCCP audit practices. OFCCP says it will concentrate on veteran and disabled issues this year. From a human resource perspective, OFCCP audits are a paperwork nightmare. But I question whether their approach is causing government contractors to hire more veterans. Many government contractors feel the tactics being used by OFCCP is a “gotcha” approach designed to punish employers and increase revenues to DOL.

For example, OFCCP in its desk audits are currently asking for screen shots of jobs posted to internet job boards over a previous 24 month period. At VetJobs we keep these in order to support our customers.

In a conversation with an OFCCP manager, I brought up the issue of the requirement for screen shots and asked where on the DOL website or in the OFCCP Frequently Asked Questions is the requirement for employers to keep and produce the screen shots of posted jobs because it does not exist. The answer I received was “We can ask for anything we want when conducting an audit”! When an employer cannot produce documents for which there is no written or legal requirement to produce, they are then assessed, frequently substantial amounts of money.

Another example is the way audits are conducted. I have heard from many government contractors that they had a desk audit, did well, and a few weeks later auditors come back to audit again, i.e., the auditors have been sent back by their managers to keep digging until they can find things on which to assess fines. That is no longer an audit. It is a revenue quota.

There are many examples like these two which raise questions for me as to whether the audits are facilitating employers to hire more veterans.

OFCCP has as its goal to ensure companies do not discriminate. We all agree that government contractors should not discriminate. But employers need to realistically know what will be required of them during an audit. Leaving the requirements of an audit to the on scene discretion of the auditor puts employers in a very precarious position.

In order to solve a problem one must effectively analyze, define and identify the problem and its causes. If one does not understand the sources of the problem, well-meaning solutions that are chosen will not work, or worse, will not address the problem at all.

I would recommend the committee consider asking the Government Accounting Office to conduct a study to ascertain if the current OFCCP audit procedures are effective and actually getting more jobs for veterans.

### **Transition Assistance Program (TAP)**

Finally, many veterans transitioning off active duty need more assistance than is being provided. This is especially true of the NG&R component members which is where the real veteran unemployment problem exists. If transitioning military were to be better educated to everything one must do to find a job and understand the opportunities that exist with government contractors, more would be employed by government contractors. This would help reduce the high unemployment rate in the younger veterans.

As has been reported widely, the military Transition Assistance Program (called TAP in the Navy, Air Force, Coast Guard and Marine Corps – the Army calls their program ACAP (Army Career Alumni Program)) needs to be seriously reworked. It has been nearly 20 years since the program curriculum has been updated and many of the TAP offices are understaffed. There has been much talk about reworking the TAP program, but no action to date. The bottom line is transitioning military are not getting the assistance they need to find civilian job upon leaving the military.

Please understand there are excellent TAP offices. Examples would be the TAP program at Norfolk Naval Base and the ACAP program run by Eddie Perez at Fort Benning, Columbus, GA. Unfortunately, they are exceptions, not the rule.

With input from recruiting professionals and the successful TAP programs, I would recommend that the reorganization and effectiveness of TAP be accelerated.

### **Veteran Employment Outlook**

The overall employment outlook for veterans transitioning off active duty is positive. Over 80% of military occupations have a direct or very close civilian equivalent. Any person who has spent a year or more on active duty has marketable skills wanted by

civilian employers. The military has engineers, nurses, lawyers, accountants, store managers, telecommunications technicians, truck drivers, food service managers and more. And all military members possess, to some degree, intangible skills such as leadership, process improvement, problem identification, trouble shooting, managerial/supervisory administration, and project management.

But if the veteran is active in the NG&R, they face great difficulties. Fortunately many government contractors have stepped up to the plate to assist the members of the NG&R with employment.

It is very encouraging to see how government contractors are employing wounded warriors. Companies like Walmart, Home Depot, BNSF Railway, American Airlines and many others are making special accommodations to hire our wounded warriors. It is a positive change from the 1970s when veterans would apply to a job and not mention having served in Vietnam as their Vietnam service frequently would work against them. The Vietnam Veterans of America, Veterans of Foreign Wars and American Legion have been leaders in changing the attitude of employers in this regard.

Thank you for your time. I trust the information presented will be of assistance in your deliberations.

This concludes my presentation.

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