

NATIONAL VETERANS EMPLOYMENT & EDUCATION COMMISSION

TOPIC 1: ECONOMY

Consumer spending surged in the second quarter to lift GDP growth to 2.0% after 3.1% growth in the first quarter. Government also contributed strongly to growth. However, business investment in equipment, inventories and structures was weak, along with housing and exports.

Consumers are carrying a heavy load. If the weakness in business spending and exports starts to affect employment, then consumers may start pulling back.

Corporate profits bounced back in the second quarter after weakness in the first quarter. That was a welcome sign that may boost business confidence a bit, though profits at domestic nonfinancial corporations have not made it back to their fourth-quarter peak level.

Growth in the second half of the year is likely to be around 2.0%, leaving growth for the year at about 2.3%. GDP growth will soften a bit again in 2020, an election year, dropping to about 1.8%. It is expected that the tax-cut stimulus will wane, and the trade deficit will again be a worry. Uncertainties about global growth may limit businesses' willingness to expand, especially as the U.S.-China trade war appears to be heating up again.

Slower July job gains of 164,000 likely represent the new normal. Growth in 2019 is likely to average 170,000 jobs per month, down from 223,000 in 2018. Partly, there are fewer available to workers to hire with the low unemployment rate. Also, businesses are going to be reluctant to aggressively pursue growth, given increasing economic uncertainty from the intensifying trade war with China.

Health care hiring was robust, once again. Services associated with a growing economy, such as computers, restaurants, and temporary help, were also up. There were a few weak spots as well: Retail has shed workers for the sixth straight month as stores continue to close. The telecom sector also continues its long decline. The drop in oil prices has led to job cuts in the oil and gas sector.

The labor market is still tight, with a low unemployment rate of 3.7%. This is just a tick above the lowest rate in 50 years. Job openings continue to exceed new hires. The short-term unemployment rate (those unemployed for less than six months) is near its lowest level since the Korean War in 1953.



Nonsupervisory workers' paychecks rose at an annual rate of 3.3% in June. The tight labor market has boosted pay growth, though rate increases have been stuck at this level for a while. Companies may be reluctant to engage in bidding wars while the strength of the economy next year is uncertain.

Slower job growth and the lid on wage growth are likely to allow the Federal Reserve to cut rates once again this fall, after cutting them on July 31. This gives the Fed some maneuvering room without stoking inflationary pressures.

HOUSEHOLD DATA

Table A-5. Employment status of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted

[Numbers in thousands]

| Employment status, veteran status, and period of service | Total | | Men | | Women | |
|--|------------|------------|------------|------------|------------|------------|
| | AUG 2018 | AUG 2019 | AUG 2018 | AUG 2019 | AUG 2018 | AUG 2019 |
| Unemployed | 130 | 140 | 106 | 123 | 24 | 17 |
| Unemployment rate | 3.9 | 4.0 | 3.8 | 4.1 | 4.4 | 3.4 |

The national unemployment rate is 3.7 percent (August 2019). Gulf War II veterans unemployment rate is 4.0 percent.ⁱ Currently, the unemployment rate for Gulf War II women veterans is 3.4 percent (Up from 3.2 percent in Aug).

TOPIC 2: MEETINGS

From September 2th-6th, the National Veterans Employment & Education Division attended the American Warrior Partnership Symposium in Atlanta, Georgia. Topics discussed ranged from Barriers of Employment to Healthcare Services.

On Wednesday, September 4th, the National Veterans Employment & Education Division met with PenFed Credit Union regarding their veteran entrepreneurship program (VEIP). The program will allow veterans to take out no interest loans for short periods and have the opportunity to pay back the loans with equity.

On Thursday, September 5th, the National Veterans Employment & Education Division prepared a letter to the Secretary of the VA regarding a congressional letter asking the Secretary to violate Public Law 109-461 and prioritize that utilization of AbilityOne companies over veteran owned companies.

TOPIC 3: EMPLOYMENT

VA, DOL, and the U.S. Interagency Council on Homelessness (USICH) recently met to promote housing stability and employment opportunities for Veterans. This partnership led to the Homeless Veterans' Reintegration Program (HVRP), which provides Veterans who are homeless or at risk of becoming homeless with the comprehensive support they need to obtain and maintain gainful employment.

HVRP delivers employment training, transportation, professional clothing, and more. And through the VA Homeless Programs Office, homeless and at-risk Veterans receive ongoing support services, medical care, and housing.

Randall Sarrett, a Veteran who had experienced homelessness for almost six years, benefitted from the collaboration. Sarrett met with Kaniko Neighbors, a vocational development specialist at VA Greater Los Angeles. After Sarrett applied for a housing voucher with HUD-VASH, Neighbors connected Sarrett with HVRP.

Almost immediately after entering permanent housing through HUD-VASH, Sarrett landed an interview for an accounting position. But he needed professional clothing. That's when HVRP stepped up. Sarrett was given a round-trip Uber ride to a clothing store to choose a suit, shirt, tie, and dress shoes. His interview was a success, and he began employment at New Directions. Sarrett then needed casual work attire for his new job, so HVRP provided funding for work clothing, as well as a bus pass for his commute.



“Once Randall took advantage of VA’s and HVRP’s benefits, he said it was the best choice ever,” said Neighbors. “He still resides in Los Angeles and has been employed at New Directions ever since.” And, since he was a “model tenant,” Sarrett’s landlord agreed to house another Veteran through the HUD-VASH program.

The HVRP program began in 1987. In the fall of 2018, Congress passed the Veterans Benefits and Transition Act, which expanded HVRP eligibility. Eligibility criteria were further expanded through a 2019 appropriations act. As a result of those changes, organizations that receive HVRP grants are now able to serve many Veterans who were previously ineligible.

DOL, VA, and USICH presented a series of webinars from July 30 – August 8, 2019, to ensure the successful rollout of the HVRP program expansion.

TOPIC 4: VETERAN HOUSING AND HOMELESSNESS

State and national experts testified before members of the House Committee on Veterans’ Affairs Subcommittee on Economic Opportunity on Thursday, highlighting strides made to decrease veteran homelessness over the past decade and continued challenges to getting housing vouchers accepted in cities facing housing crises.

U.S. Representatives Mike Levin, Mark Takano and Scott Peters – all Democrats – were joined by Republican Rep. Gus Bilirakis for a congressional field hearing near San Diego to take the temperature on the current state of veteran homelessness in the country.

While the congressmen heard from statewide and nationwide experts, most of the hearing focused on California, which is home to 8.5% of the country’s veterans but 25% of the nation’s homeless veterans, according to the U.S. Department of Housing and Urban Development.

But nationwide – including in California – veteran homelessness is down significantly, decreasing nearly 50% in the past decade as federal dollars allocated to combat veteran homelessness increased from \$713 million in 2010 to \$1.65 billion in 2017. Currently, about 10,000 homeless veterans reside in California.

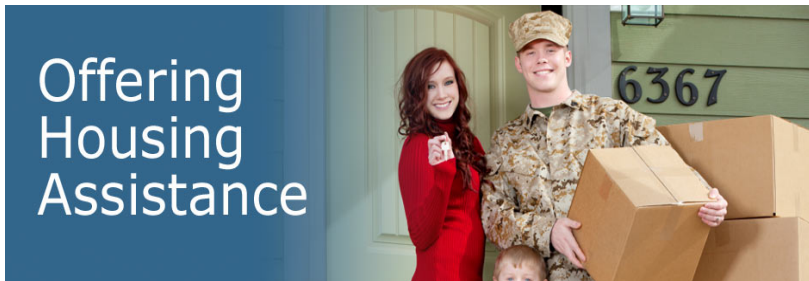
San Diego County Supervisor and combat Marine veteran Nathan Fletcher cautioned the congressmen that in areas of the country experiencing housing affordability crises, such as San Diego, veterans still face barriers to housing. He said vouchers through the Veterans Affairs Supportive Housing (VASH) program are not being accepted by landlords.

Fletcher said “this ought to be the easiest problem to solve....We have to find a way to crack this nut to make sure that a veteran with a voucher has a place to go.” He said San Diego County has an incentive program which offers landlords who accept VASH vouchers bonuses, damage claim reimbursement, guaranteed utilities payment and other incentives to make renting to veterans more enticing.

Fletcher pointed to an affordable housing project for veterans in the San Diego community of Poway which was quashed by neighbors who didn’t want the county to approve 11 affordable housing units. “It’s not a disregard for veterans – it’s just a disregard for veterans with mental health issues, or substance abuse issues or who are low-income,” Fletcher said, noting local officials who make land-use decisions need to have the “courage” to overcome that kind of opposition to get projects built.

Interfaith Community Services CEO Greg Angela told the congressmen his organization helped secure private donations to help a Navy veteran mother and her four children with a rental deposit after her VASH voucher was not renewed by her former landlord. In his written testimony provided to the congressmen, Angela recounted federal flexible spending dollars used to prevent veteran homelessness “are expended so quickly, they are rarely available when needed.”

Last year, a federal grant to provide families small amounts of rental assistance to prevent them from becoming homeless was supposed to last Interfaith 12 months. The money lasted 10 days, Angela wrote, going to help 41 families – all of whom are still housed. Angela asked the congressmen to increase



flexible rental assistance dollars for those scenarios.

When asked by Rep. Takano how many people legislators could prevent from becoming homeless through cash assistance, Angela said last year his organization prevented more than 150 households from becoming homeless through \$1,000 in assistance to each of the families. He said getting a family back into housing after they’ve become homeless costs upwards of \$10,000. “It costs us far less to prevent it than to deal with it,” Takano said.

TOPIC 5: CAREER FAIRS

This week, work continued on The American Legion’s upcoming hiring events to be staged in Carlisle (PA), Fredericksburg (VA), Herndon (VA), Joint Base Anacostia-Bolling (DC), Joint Base Andrews (MD), Lexington Park (MD), JBMH (VA), and Indianapolis (IN).

TOPIC 6: SMALL BUSINESS

Every day, tens of thousands of U.S. troops risk their lives and sacrifice time with their families to protect our national security and keep us safe. Through their strength and commitment, they protect our nation, liberties, freedom, and way of life.

The Defense Department keeps our military members safe while serving; and once our heroes return home, the Department of Veterans Affairs cares for them. Many are, however, surprised to learn that the U.S. Small Business Administration (SBA) also plays a role in helping our nation's service members transition back into civilian life.

For a soldier, sailor, airman, or Marine, reintegrating into civilian life can be challenging. The transition from uniformed duty to civilian status is not just a change of jobs, it's a change in virtually every aspect of a life: careers, responsibilities, homes, communities, lifestyle, training, and more. If service members have families, the transition will also mean big changes for spouses and children.

That's why the SBA is there to help the more than 800,000 military veterans in the Empire State, 400,000 in New Jersey, approximately 100,000 who call Puerto Rico and the U.S. Virgin Islands home, as well as all those who served—and their families—around the entire nation.

Armed with a \$100,000 award from President Donald Trump's salary for the second quarter of 2018, the agency has partnered with the Veteran Entrepreneurial Training and Resource Network to establish a pilot training program for military veterans and their immediate family members who are small business owners. This new program will equip these entrepreneurs with the resources and networks necessary to grow their ventures.

This VETRN "MBA" program, which is taught nationally, kicks off in September with a 26-week program in Portsmouth, New Hampshire, and includes 13 weeks of class time and 13 weeks of peer-to-peer mentoring. These Saturday morning classes of 12 to 20 participants include strategic planning, financial management, cash flow forecasting, marketing, sales methods, human resources, growth plans, access to capital, legal issues, and government contracting.



When you consider the leadership and management skills our veterans develop while on active and reserve duty, it's no wonder so many of them choose the path of small business ownership—and succeed.

Applicants for this pilot program must be a veteran or immediate family member of a veteran, a current business owner with at least one year of operation and one employee (not including the owner), and have annual revenues of \$75,000 or more. Also required: passion, dedication, and commitment.

Other VETRN MBA programs will take place around the country. There are also many veterans programs and services the SBA offers every day.

For example, the Veterans Business Outreach Center provides entrepreneurial development services such as business training, counseling, and resource partner referrals to transitioning service members, vets, Guard and Reserve members, and military spouses. The SBA has 22 organizations participating in this cooperative agreement.

George Washington once said that “the willingness with which our young people are likely to serve in any war, no matter how justified, shall be directly proportional to how they perceive the veterans of earlier wars were treated and appreciated by their nation.” We at the Small Business Administration firmly believe in that and are doing more than ever to support our nation’s heroes.

TOPIC 7: EDUCATION

A recent federal court decision could dramatically expand veterans education benefits by allowing them an extra year of tuition assistance if they qualify for both the Post-9/11 GI Bill program and the older Montgomery GI Bill payouts.

Veterans Affairs officials have not yet decided if they will appeal the ruling, which if put in effect would impact tens of thousands of veterans and run a price tag into hundreds of millions of dollars. Education groups are watching the legal fight closely.

The decision, from the U.S. Court of Appeals for Veterans Claims earlier this month, found the Department of Veterans Affairs practice of making veterans relinquish their Montgomery GI Bill eligibility in order to receive Post-9/11 GI Bill payouts is improper. Department officials in the past have argued that move is necessary to ensure veterans aren’t duplicating benefits.

But in a 2-1 decision, the judicial panel ruled that federal language prohibiting such “double-dipping” more appropriately means that “someone may not receive assistance from more than one program during a single month, semester, or other applicable pay period, but may switch freely between programs.”



As a result, if veterans are eligible for both programs, they should receive payouts from both, just not simultaneously, the decision said.

Under current rules, the Post-9/11 GI Bill provides 36 months of tuition assistance and living stipends veterans (or their family members) who served at least three years on active-duty after Sept. 10, 2001. The Montgomery GI Bill provides a smaller, standardized stipend for 36

months to veterans who served on active duty for at least three years and paid into the program upon enlistment.

In all but a few cases, veterans receive one benefit or the other, but not both.

The Montgomery GI Bill benefit has become controversial in recent years because many servicemembers still contribute to the program even though they’re unlikely to see any benefit from it. Since the Post-9/11 GI Bill is more generous in its payouts, most veterans relinquish their Montgomery program benefits when it comes time to attend classes. Lawmakers have discussed ending the program in coming years.

In this lawsuit, an unnamed veteran with eight years of interrupted active-duty service from 2000 to 2011. During his breaks from the military, he used up about 26 months of his Montgomery GI Bill benefits.

In 2015, he attempted to switch over to the more generous Post-9/11 GI Bill benefits but was told he would only be eligible for 10 more months of education assistance.

But his lawyers argued that since it was a separate program with a separate qualifying period of service, he should get both. Under other federal statute, the combined education benefits would be capped at 48 months, giving him potentially 22 more months of payouts.

The difference would have been enough to cover a full degree at Yale, where he had been accepted. But because the VA limited his payouts to 10 months, he was ultimately forced to abandon that degree program.

Hunton Andrews Kurth Associate Tim McHugh, an Army veteran who led the legal fight against the VA, said the court's decision also left open the issue the length of a qualifying period of service for eligibility.

While his client had clear breaks between service, he argues the ruling could also cover any individual who served six years — three years to qualify for full Post-9/11 benefits, and three more to qualify for Montgomery GI Bill payouts.

As long as they have enough time to qualify, if they have the service they should get the benefits," he said. "And they should be free to use it."

In a dissenting opinion, Judge Margaret Bartley argued her fellow justices "demonstrate a misunderstanding" of how the education benefits work and of congressional intent with establishing both programs.

"There is no indication, based on the text of the relevant statutes, that Congress intended this outcome or that it is more veteran-friendly," she wrote.

VA officials will have to make a decision on appeal in coming weeks. If the decision is allowed to stand by other courts, it would likely force the department to quickly institute a host of rule changes for current and former beneficiaries, a process that could severely complicate delivery of education benefits in the years ahead.

Joseph C. Sharpe, Jr., Director
Veterans Employment & Education Division
202.861.2700 ext. 2989
Week Ending: 9/6/19
