NATIONAL VETERANS EMPLOYMENT & EDUCATION COMMISSION

TOPIC 1: ECONOMY

Mortgage rates moved slightly higher this week, reversing their month-long slide. According to the latest data released Thursday, June 15, by Freddie Mac, the 30-year fixed-rate average crept up to 3.91 percent with an average 0.5 point (Points are fees paid to a lender equal to 1 percent of the loan amount). It was 3.89 percent a week ago and 3.54 percent a year ago. The 15-year fixed-rate average rose to 3.18 percent with an average 0.5 point. It was 3.16 percent a week ago and 2.81 percent a year ago. The five-year adjustable rate average climbed to 3.15 percent with an average 0.5 point. It was 3.11 percent a week ago and 2.74 percent a year ago.

The upward swing in mortgage rates came ahead of the widely anticipated rate hike by the Federal Reserve. The central bank announced Wednesday it was raising its benchmark rate for the third time in six months. The Federal Reserve also announced plans to unwind its balance sheet this year. The Fed will begin to reduce the securities held on its balance sheet later this year, limiting the amount of securities that will be allowed to runoff each month. With lower caps for mortgage backed securities compared to Treasury's, it is possible that there will be less widening in mortgage spreads than previously estimated.

The quarter-point hike came too late in the week to be factored into Freddie Mac's survey. The government-backed mortgage-backer aggregates current rates weekly from 125 lenders from across the country to come up with a national average mortgage rate. The yield on the 10-year Treasury sank to 2.15 percent Wednesday. Because mortgage rates tend to follow the path of long-term bonds, it is likely that home loans rates will also fall next week. Bankrate.com, which puts out a weekly mortgage rate trend index, found that more than half of the experts it surveyed say rates will remain relatively stable in the coming week.

Meanwhile, fueled by refinances, mortgage applications grew last week, according to the latest data from the Mortgage Bankers Association. The market composite index – a measure of total loan application volume – increased 2.8 percent. The refinance index jumped 9 percent to its highest level since November, while the purchase index dropped 3 percent. The refinance share of mortgage activity accounted for 45.4 percent of all applications. Rates held steady at seven-month lows last week, providing continued support for a small resurgence in refinance activity and a continued year-over-year growth in purchase applications. The refinance index increased 13 percent over the last two weeks and the average loan size increased to almost $275,000, the largest since September 2016. Purchase applications decreased over the week, but were up almost 8 percent compared to the same week one year ago.

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	
	MAY 2016	MAY 2017	MAY 2016	MAY 2017	MAY 2016	MAY 2017

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	
	MAY 2016	MAY 2017	MAY 2016	MAY 2017	MAY 2016	MAY 2017
Gulf War-era II veterans						
Unemployed	125	151	105	132	20	19
Unemployment rate	4.0	4.6	4.0	4.8	4.0	3.5

National unemployment rate is 4.3 percent (May 2017). Gulf War II veterans unemployment rate is 4.6 percent.[1] Currently, the unemployment rate for Gulf War II women veterans is 3.5 percent (down from 5.0 percent in April).

[1] U.S. Department of Labor. *Economic News Release: Employment Situation Summary, May 2017*.

TOPIC 2: MEETINGS

On Monday, June 12, the National Veterans Employment & Education Division had a conference call with the National Coalition for Homeless Veterans (NCHV) to discuss the upcoming National Convention in Reno and how they can potentially be involved. We also discussed pending legislation and other relevant info on assisting homeless veterans and their families.

On Tuesday, June 13, the National Veterans Employment & Education Division had a conference call with Trina Stewart, Intergovernmental and Community Affairs Specialist of Court Services and Offender Supervision Agency to discuss the resources that are available to incarcerated veterans. In addition, we discussed the possibility of visiting a local correctional facility in the District of Columbia.

On Tuesday, June 13, the National Veterans Employment & Education Division had a conference call with Maria Well from the Virginia Employment Commission, to discuss the possibility of collaborating with the Legion in an effort to help unemployed and/or underemployed veterans seeking gainful employment.

On Tuesday, June 13, the National Veterans Employment & Education Division had a conference call with the Soldier for Life Program about developments in the Army's SkillBridge initiative, specifically regarding proposed changes that would authorize federal agencies to participate in the program. The SkillBridge Initiative allows companies and organizations to partner with military posts to provide technical training and job placements to soldiers who are within their ETS window. While Soldier for Life was encouraged about the prospect of federal agency participation, they pointed out an important development in 2017 concerning DOD: for the first year since 2000, servicemembers are prohibited from working as civilian staff at DOD and all military branches for six months following ETS. That regulation was waived after 9/11, but has been re-implemented as of the last NDAA.

On Thursday, June 15, the National Veterans Employment & Education Division testified in the Senate Veterans' Affairs Committee Legislative Hearing on GI Bill improvements. Over 25 legislative changes were brought to the floor for discussion, including provisions to allow GI Bill eligibility for 12301(h) and 12304b orders, relief for displaced student-veterans, and GI Bill Yellow Ribbon eligibility for Gold Star Families.

On Friday, June 16, the National Veterans Employment & Education Division attended a meeting with the Small Business Administration's (SBA) Office of Veterans Business Development (OVBD) Administrator, Barbara Carson. Topics discussed included The American Legion's National Convention in Reno, Nevada, the upcoming hearing on procurement in regards to veteran-owned small businesses, and the curriculum used to teach the Boots to Business Reboot course on entrepreneurship.

TOPIC 3: EMPLOYMENT

The Department of Labor's Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program is a major investment to increase the ability of community colleges to address the challenges of today's workforce. Grants are designed to help workers eligible for training under the TAA for Workers program, as well as a broad range of other adults. Every U.S. state received funding for each of four years through 256 grants totaling $1.9 billion. TAACCCT grants, which continue through September 2018, are impacting 60 percent of the nation's publicly-funded community colleges and building industry-aligned programs in manufacturing, healthcare, information technology, energy, transportation and other industries.

Through TAACCCT, community colleges have developed or redesigned nearly 2,600 Programs of Study to help adults learn skills that lead to family-supporting jobs. Each college or consortium of colleges developed programs of study aligned with local and regional business needs, which were identified through partnerships formed or strengthened with grant funds. To help adult students obtain industry-recognized credentials more quickly, colleges are using TAACCCT funding to innovate with strategies such as career pathways, credit for prior learning, competency-based models, online training, and strong student support systems. The curriculum and other learning materials developed by TAACCCT grantees are being made widely available to all types of training providers

TOPIC 4: VETERAN HOMELESSNESS

In 2010, the Obama Administration announced the ambitious goal of ending homelessness among veteran. Between 2015 and 2016, veteran homelessness increased in eight states and decreased in 42 states and the District of Columbia. Nationwide, veteran homelessness fell by almost 50 percent since 2009. Yet statistics are only part of the story. What is missing from federal and state statistics, the media and the minds of many Americans, is the story of homeless veteran families. Families are often missed when volunteers head out to count homeless individuals. Veterans with families often stay with friends, known as "doubling up." Or, forced to fragment, parents send kids to stay with family while they go to a shelter. Plus, some females who are homeless and the head of their household don't identify as veterans. They may not be eligible for VA benefits, or are unclear about available services. Some may not seek care at the VA due to mistrust, harassment or past military sexual trauma. Providers, policymakers and the public need to understand that homelessness among the families of men and women who have served our nation may be invisible, But it is significant.

These families are at high risk. Decades of research show that children in homeless families are at risk for physical and mental health problems, academic delay and of becoming homeless themselves as adults – creating a second generation of homelessness. Many homeless families are resilient, but face additional stressors of reintegrating into civilian society and coping with parents who may have PTSD and traumatic brain injuries. Although veterans are often satisfied with their own health and mental health services at VA, many parents feel alone when it comes to their family. Many veterans are overwhelmed by PTSD and depression, as well as the search to find housing and a job. They worry about the toll on their family. Yet they find few resources for their family within the VA, such as family therapy, and need help finding needed health and mental healthcare for their spouse and children in the community. Parents need more help connecting to resources for their families in the community, clearer information about the social services available to veteran families and more emotional support as parents.

TOPIC 5: CAREER FAIRS

This week, work continued on The American Legion's upcoming hiring events to be staged in Atlanta, Enterprise (AL), Fort Gordon (GA), Fort Lee (VA), Fort Sam Houston, Herndon (VA), Joint Base Andrews, Kansas City, King George (VA), Lexington (KY), Lexington Park (MD), Los Angeles, Portsmouth (NH), Reston (VA), Rochester (NY), Seattle, and Washington, DC.

The mission of The American Legion's National Veterans Employment & Education Commission is to take actions that affect the economic wellbeing of veterans, including issues relating to veterans' education, employment, home loans, vocational rehabilitation, homelessness and small business.

TOPIC 6: SMALL BUSINESS

It's been more than a year since the SBA issued a final rule overhauling the limitations on subcontracting for small business contracts. The SBA's rule, now codified at 13 C.F.R. 125.6, changes the formulas for calculating compliance with the limitations on subcontracting, and allows small businesses to take credit for work performed by similarly situated subcontractors. But the Federal Acquisition Regulation's (FAR) corresponding clauses have yet to be changed, and this has led to a lot of confusion about which rule applies, especially since many contracting officers abide by the legally-dubious proposition of the rule not counting if it is not in the FAR. The FAR Council is now moving forward with a proposed rule to align the FAR with the SBA's regulations.

In January 2013, former President Obama signed the 2013 National Defense Authorization Act (NDAA) into law. The 2013 NDAA made major changes to the limitations on subcontracting. The law changed the way that compliance with the limitations on subcontracting is calculated for service and supply contracts - from formulas based on "cost of personnel" and "cost of manufacturing," to formulas based on the amount paid by the government. And, importantly, the 2013 NDAA allowed small primes to claim performance credit for similarly situated entities.

Interestingly, a year later - well before either the SBA or the FAR Council had amended the corresponding regulations - the GAO issued a decision suggesting (although not directly holding) that the similarly situated entity concept was currently effective. But most contractors and contracting officers continued to apply the "old" rules under the FAR and SBA regulations.

On May 31, 2016, three and a half years after the 2013 NDAA was signed into law, the SBA published a final rule implementing the changes. The SBA's regulation took effect on June 30, 2016, and less than a month later, the VA issued a Class Deviation, incorporating by reference the new SBA regulations for VA Service-Disabled Veteran-Owned Small Business (SDVOSB) and Veteran-Owned Small Business (VOSB) acquisitions. But for many other procurements, contracting officers continued to include FAR 52.219-14, which uses the old formulas and makes no mention of similarly situated entities. (FAR 52.219-14 applies to small business, 8(a) and WOSB contracts. For HUBZone and non-VA SDVOSB procurements, the subcontracting limits are implemented by other clauses, which use the old formulas but allow the use of similarly situated entities).

This has led to a lot of confusion. Does a contractor comply with the SBA regulation? The FAR clause? Both? Some contracting officers have taken the position that the FAR clauses govern until they're amended. But the SBA, of course, wants contractors to follow the SBA regulations. Indeed, a joint venture formed under the SBA's regulations must pledge to comply with 13 C.F.R. 125.6. Now, it seems, the FAR Council seems to be making progress on eliminating the FAR/SBA discrepancy (the FAR Council is a shorthand term for the body of defense and civilian agency representatives who propose and implement changes to the FAR.). In its most recent list of "Open FAR Cases," published on June 9, 2017, the FAR Council says that it is working on a "Revision of Limitations on Subcontracting." Specifically, the new FAR rule "implements SBA's final rule" from last year, and "also implements SBA's regulatory clarifications concerning the application of the limitations on subcontracting, non-manufacturer rule, and size determination of joint ventures."

As of June 5, the Civilian Agency Acquisition Council (CAAC) has concurred with draft interim FAR rule. FAR Council staff are preparing to send to Office of Federal Procurement Policy (OFPP) after Department of Defense (DOD) approval to publish. First, this means that the draft rule is well along in the process. Review by the Office of Federal Procurement Policy is one of the final steps before a rule is published in the Federal Register. Second, it appears that the FAR Council intends to adopt an interim rule, rather than a proposed rule. An interim rule takes effect immediately after publication, and can be adjusted after receipt of public comments. A proposed rule doesn't take effect until public comment is received and a final rule is published. In other words, if the FAR Council uses an interim rule, the changes will take effect a lot sooner.

TOPIC 7: EDUCATION

The Department of Education is beginning the process of rolling back regulations aimed at holding for-profit colleges accountable and helping students who may have been misled or defrauded by them: the borrower-defense-to-repayment regulation, which was scheduled to go into effect on July 1, and the gainful-employment regulation, which was already in effect. The borrower-defense-to-repayment regulation was meant to allow borrowers who feel they have been defrauded by their college or program to have a simpler process for having their student loans forgiven by the federal government.

Scheduled to take effect on July 1, 2017, borrower defense would set new standards and procedures under which federal student loan borrowers could obtain relief from repayment, prohibited postsecondary institutions from using pre-dispute arbitration clauses and class-action waivers, and substantially revised the Department's financial responsibility and requirements for which postsecondary institutions would be required to provide the Department with an irrevocable letter of credit. The Department of Education has now indefinitely delayed the implementation of this rule.

The gainful-employment regulation was meant to hold career-preparation programs accountable for the outcomes of their graduates. Specifically, if the estimated loan payments of a program's graduates exceed a certain percentage of their income over a period of years, then the program would risk losing federal student aid. For a college to have access to federal student aid, the college must meet minimum gainful employment standards. The current formula says that on average, student loan borrowers of a degree program must not have student loan payments exceed 20 percent of their discretionary income or 8 percent of their total earnings. Both rules were written in response to practices stemming from for-profit colleges, which included companies such as ITT Technical Institute and Corinthian Colleges. The Department of Education has now indefinitely suspended this rule.

While reexamining the proper course of action for student protections was expected, these moves have effectively ended recent efforts to increase protections for student-veterans. Additionally, they were done without the feedback of military and veterans organizations, which have traditionally been included in these decisions. The Department of Education will conduct public hearings on BDR and GE on July 10, 2017, and the National Veterans Employment & Education Division intends to speak at these hearings on behalf of student-veterans.

Joseph C. Sharpe, Jr., Director
Veterans Employment & Education Division
202.861.2700 ext. 2989
Week Ending: 6/16/17