

NATIONAL VETERANS EMPLOYMENT & EDUCATION COMMISSION

TOPIC 1: ECONOMY

In a few short weeks, the coronavirus pandemic slammed the brakes on the US economy, shuttering businesses and putting tens of millions out of work.

A US recession is all but officially underway. The speed at which the economy has ground to a halt has rendered much of the traditional economic data — typically released with a lag of about a month — outdated before it's even published.



To fill the gap, Bloomberg economists Eliza Winger and Tom Orlik created a weekly dashboard of high frequency, alternative, and market-based indicators. Right now, the dashboard shows the depths of the downturn. In the weeks ahead — as states move toward re-opening — it should capture the strength of the recovery.

Several of the dashboard's data points signal a deepening contraction, with further declines in consumer confidence and the number of active oil rigs. Others, like jobless claims, suggest the most intense period of decline is now over, but remain extremely weak and support expectations for the economy to shrink this quarter by the most in records dating back to the 1940s.

“The high-frequency data paint a grim picture,” Winger and Orlik said. “Soaring jobless claims, empty restaurants, and a falling count for active oil rigs show the breadth and depth of the blow to the economy.” Americans staying home for fear of transmitting the virus, along with government-ordered shutdowns aimed at protecting lives, have caused the economic downturn. That makes the number of new Covid-19 cases all the more critical. That pace eased last week, but it remains incredibly elevated, and limited testing means the count almost certainly understates the true spread of the disease.

Filings for unemployment benefits (or initial jobless claims) remain extraordinarily high but have fallen for four straight weeks — suggesting the breakneck pace of layoffs may be slowing. Unlike many government reports, jobless claims are reported with just a one-week lag. More than 30

million Americans filed for unemployment benefits since March 15, virtually wiping out all of the jobs created since the last recession. The Bloomberg Consumer Comfort Index, a weekly confidence measure, has declined in 12 of the last 13 weeks. The measure has plummeted from 67.3 in the last week of January to 39.5, the steepest drop in more than three decades worth of data.

Crushed by the Saudi-Russia price war in March and government shutdowns that have kept Americans off the roads, oil prices have crumbled in recent weeks. The active oil rig count slumped 51% since the first two weeks of January, according to Baker Hughes data. The housing market hasn't been spared either: Home sales are already down and are expected to crater in the coming months. A more real-time indicator, mortgage applications for home purchases, has fallen 27% since the first two weeks of the year.

Data from OpenTable, a restaurant-booking app, offer insight into the devastating blow faced by the restaurant industry: Restaurant bookings have dropped 99% from last year. Restaurants in some states opened their doors to customers last week, supporting the barest improvement in the figure from a 100% decline.

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	
	APR 2019	APR 2020	APR 2019	APR 2020	APR 2019	APR 2020
Unemployed	59	453	33	347	26	106
Unemployment rate	1.7	13.0	1.1	11.8	5.4	20.0

The national unemployment rate is 14.7 percent (May 2020). Gulf War II veterans' unemployment rate is 11.8 percent.ⁱ Currently, the unemployment rate for Gulf War II women veterans is 20.0 percent (up from 6 percent in April).

TOPIC 2: CONFERENCE CALLS

On Monday, May 4th, the National Veterans Employment & Education Division Weekly call with HVAC staff members on minority HVAC call. Health subcommittee staffer discussed the past clinical trials done by the VA but had no definitive findings. More to follow next week. Still no announcement on when the House will return.

On Monday, May 4th, the National Veterans Employment & Education Division Conversation with NASAA leadership on the Risk-Based Survey project and path forward during COVID

Crisis. NASAA Summer Conference is canceled, and we hope to hold a meeting of the SAA pilot states in DC in September. The next meeting of RBS Advisory Council, on which Director Sharpe represents the Legion, is scheduled for June 8.

On Monday, May 4th, the National Veterans Employment & Education Division had a conversation with IL SAA Director Wellman. It focused on the new RBS survey must be data-driven, and we should seek the unspent \$3 million in VA money allocated to SAAs to pay for a new platform to manage data. Continued conversation with SVAC and HVAC staff on the impact on veterans of 3696 enrollment suspensions.

On Tuesday, May 5th, the National Veterans Employment & Education Division followed up with the Office of Personnel Management (OPM), Hakeem Bashruud-Deen, Director Veterans Program. We discussed the Legion's concern regarding the potential dilution of Veterans' Preference. OPM needs to ensure that the VP is being applied in the manner it was intended.

On Tuesday, May 5th, the National Veterans Employment & Education Division. Teleconference with The American Legion's IT department. We discussed the use of the TEAMS platform to provide much sharper and polished virtual workshops.

On Tuesday, May 5th, the National Veterans Employment & Education Division joined Bunker Labs on for a community town hall with Danielle Cohn, Vice President, Startup Engagement at Comcast NBCUniversal. They discussed LIFT Labs' partnership with Techstars to develop a 13-week accelerator for fledgling entrepreneurs.

On Wednesday, May 6th, the National Veterans Employment & Education Division spoke with Renetta Bradford, Veterans Outreach, Department of Veterans Affairs. We discussed an opportunity for collaboration during one of our virtual events – hiring within the VA.

On Wednesday, May 6th, the National Veterans Employment & Education Division had a conversation with Kelsey Baron (SVAC) on HVAC letter and veterans impacted by the VA 3696 decision. Worked GA SAA issue involving oversight of a seminary in GA that appears to be taking advantage of veteran students and the GI Bill for its financial gain. I talked with SAA Director and followed up with the VES staff.

On Thursday, May 7th, the National Veterans Employment & Education Division spoke with Carmenza Jaramillo, Business Development Manager, DeVry University. They offered The American Legion their platform used for Virtual Career Fairs – valued at \$20,000, massive savings to the Legion.

On Thursday, May 7th, the National Veterans Employment & Education Division conversation on the CARES Act money to the Legion and recommended to a staffer that Congressman Banks district staff would need to contact the Indiana American Legion Department. American Legion Staff Call and Reports.

On Thursday, May 7th, the National Veterans Employment & Education Division meeting with RBS / Lumina Project Manager. Discussion of future calls with VA (James Rhulman) and a path forward on a new platform to manage data from the schools. First weekly call with VES/TAL. The House comes back next week, and Borrower Defense Act Resolution may be submitted to the President. Conversations with SVAC staffer on Legion statement.

On Thursday, May 7th, the National Veterans Employment & Education Division Conversations with Director Sharpe and J. Kamin on higher education quality, RBS Advisory Committee, and VES Call.

On Friday, May 8th, the National Veterans Employment & Education Division weekly Meeting with EdCounsel/Lumina Risk-Based Survey Executive Team to discuss Risk-Based Survey Follow up conversations with GA SAA on noncompliant Bible School and actions to protect veterans enrolled in this institution. Conversations with VA on RBS and 3696.

On Friday, May 8th, the National Veterans Employment & Education Division met with small business stakeholders and manufacturers to prepare a response to GSA’s recent announcement of bypassing of the Buy American Act for disaster supplies. There has not been a shortage of many industrial products that the GSA has permitted the federal agencies to purchase from foreign sources. Continued reliance on foreign suppliers undermines America’s national security.

TOPIC 3: EMPLOYMENT

The American Legion is closely monitoring the current unemployment rate. The sharp spike does not come as a surprise; however, this is still alarming and requires a proactive mentality, as opposed to reactive.

Weekly initial unemployment claims in 2020

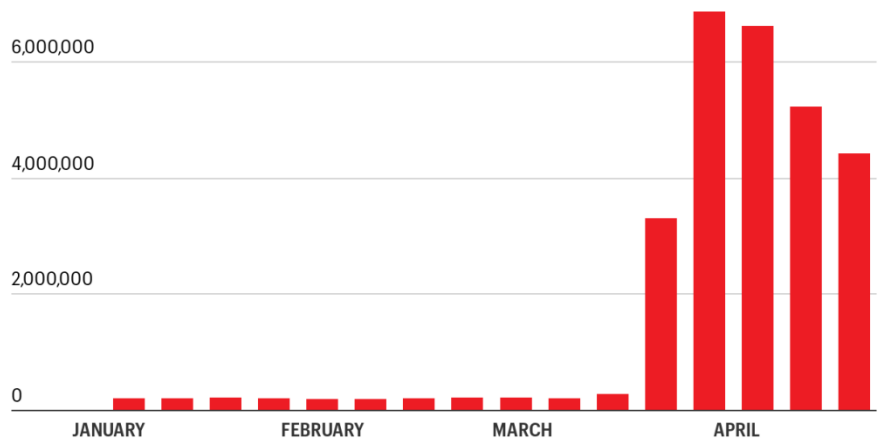


CHART: LANCE LAMBERT • SOURCE: U.S. DEPARTMENT OF LABOR

FORTUNE

Veterans unemployment jumped to nearly 12 percent in April as the country’s total jobless rate rose to its highest levels since the Great Depression because of the ongoing coronavirus pandemic.

More than 1 million veterans filed for jobless benefits last month, according to the Bureau of Labor Statistics. At 11.7 percent, the unemployment rate for veterans was two points higher than its peak during the 2008 recession, and nearly triple the reported level just two months ago (3.5 percent in March).

Younger veterans seeking jobs were hit even harder last month. Federal researchers reported a 13 percent unemployment rate for veterans of the post-9/11 era. Nearly half of all unemployed

veterans in America left the service in the last two decades. By comparison, veterans of the first Gulf War-era posted an unemployment rate of 7.1 percent last month.

The negative veterans' news still outpaced the unemployment rate of the nation as a whole. April was the first full month of reports tracking the effects of the coronavirus pandemic, which has forced the temporary (or permanent) closing of thousands of businesses nationwide and left much of the country in self-quarantine since mid-March.

BLS officials said that total non-farm payroll employment for the United States fell by 20.5 million individuals in April, pushing the unemployment up to 14.7 percent. In February, that figure was 3.5 percent.

In an interview on Fox News Friday morning, President Donald Trump called the grim jobs news “totally expected, it’s no surprise” but vowed to repair the national economy in the coming months.

Nathalie Grogan, a research assistant at the Center for a New American Security’s Military, Veterans and Society Program, said the spike in veterans unemployment was predictable given the larger problems facing the country.

“This is another reminder that veterans live as part of their local communities, so as problems happen for other parts of the country, veterans are likely to be impacted too,” she said.

Still, in the coming months, she and other researchers will be closely monitoring certain aspects of corporate hirings and firings to see if recovery from the downturn could be more difficult for veterans than non-military job seekers.

“Veterans tend to be concentrated in specific types of jobs,” she said. “Nearly 12 percent of veterans working in the private sector are in manufacturing. So if the recovery lags there, veterans could be more severely affected.”

BLS officials said manufacturing employment alone dropped by 1.3 million jobs in April. Rosalinda Maury, director of applied research at the Institute for Veterans and Military Families at Syracuse University, said the impact on older veterans is also of concern.

Individuals who served in the Vietnam era or earlier, saw a 17 percent unemployment rate last month. It is higher than any other veterans group or the country as a whole.

“We haven’t seen the older population see a fluctuation like that,” Maury said. “The younger veterans have had some swings in the past, but I’m surprised to see the older generations hit that hard.”

Women veterans were also hit harder than men in the latest jobs report. About 14 percent of that group filed for unemployment benefits last month, in comparison to 11.4 percent for men. Nearly 9 million veterans were employed across the country last month.

TOPIC 4: CAREER FAIRS

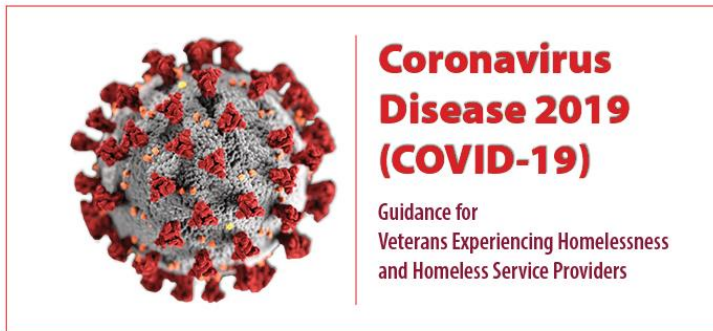
ALL CAREER FAIRS SCHEDULED THROUGH APRIL HAVE BEEN CANCELLED, SUSPENDED, OR POSTPONED.

The American Legion is working on hosting virtual workshops and career fairs.

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 5: VETERAN HOUSING AND HOMELESSNESS

The number of homeless people in Kern County increased by 19 percent, or 250 people, in the past year, according to a report released Wednesday from this year's homeless count. The count, which took place in January, identified 1,580 homeless people in Kern compared to 1,330 in 2019.



The vast majority of those counted, 63.5 percent — or 1,004 people — were unsheltered, meaning they sleep in parks, empty buildings, and cars, primarily in the metro Bakersfield area. Seven of them were children.

"We don't want to sugarcoat things. We want to acknowledge this is an area of

concern, and most of the community has identified this as something they want us to focus on," said Anna Laven, executive director of the Bakersfield-Kern Regional Homeless Collaborative. "But, there have been incredible changes."

Laven pointed to the impending opening of two homeless shelters by the county and city of Bakersfield, and expansions at other facilities which will make 562 more beds available at shelters by the end of 2020. There is also a strong commitment among local leaders at every level to address the problem, and more coordination than ever among different groups that help the homeless, Laven said.

The federal government requires communities receiving certain federal funds to do a homeless count annually. In 2019, the count found a 50 percent increase in Kern County's homeless population over 2018, when 885 homeless people were counted.

While that works out to a 95 percent increase from 2018 to 2020, part of the increase is likely due to an undercount of the homeless previously, Laven said. A significant increase in volunteers in 2019 and 2020 has provided a more accurate picture of the homeless situation, she said. However, the lack of affordable housing is believed to be the main culprit in driving up shelter numbers and pushing people onto the streets. "The ultimate issue is the way you solve homelessness is housing, and what we need is more housing that's affordable," Laven said.

One bright spot in the data is a decrease in homeless veterans; this year, there were 107 compared to 123 last year, the report said. Among the other findings of this year's count:

Families with children made up 14 percent of the homeless population, with children accounting for almost 9 percent, or 142, of those counted. Among families with children, 15 percent did not have shelter. 88.5 percent, or 1,398, of the homeless, counted, were in metro Bakersfield, 148 (9.4 percent) were in west Kern, and 34 (2.1 percent) were in east Kern. 60 percent of the 1,398 homeless in metro Bakersfield were unsheltered, an increase of 31 percent over 2019's numbers. Of the unsheltered homeless in metro Bakersfield, 201 (24 percent) were found in east Bakersfield, 185 (22 percent) were in southwest Bakersfield, 127 (15 percent) were in central Bakersfield, 67 (8 percent) were along the Kern River, 65 (8 percent) were in Rosedale, and 47 (6 percent) were in Oildale. 562 of those counted reported having a substance abuse problem, 316 reported a severe mental illness, 84 were domestic violence survivors.

City Councilman Andrae Gonzales, who represents parts of downtown and East Bakersfield — shown in the report to be the most impacted areas by homelessness — said the report underscored the continued need for more resources to address the problem, and the importance of working together and adding more shelter capacity.

"That site can't come soon enough," he said of the city's planned shelter at the Calcot Limited building on East Brundage Lane, slated to open this fall. "Unfortunately, this crisis isn't going away, and the data we received today showed that it's only growing."

Once the immediate need for shelter is provided for, Gonzales said, "harder conversations" are necessary, particularly to address the homeless with substance abuse and mental health problems. "Some of that means additional resources, but we also have to look at the laws on the books and how do we strengthen the laws to help people to get treatment," Gonzales said. "We know it is very unsafe and unhealthy for individuals to be on the street, unsheltered, and to live in that state. They're harm to themselves and other people. We need to get real about that in this state."

TOPIC 6: SMALL BUSINESS



An emergency disaster lending program for small businesses has been so overwhelmed by demand that it has significantly limited the size of loans it issues, while blocking nearly all new applications from small businesses, according to people familiar with the situation. The Economic Injury Disaster Loan program is a longstanding Small Business Administration program that's separate from the new Paycheck Protection Program, which has challenges of its own.

Congress gave the disaster loan program more than \$50 billion in new funding in recent relief bills to offer quick-turnaround loans to businesses slammed by the coronavirus pandemic. But by many accounts, it is failing spectacularly. After initially telling businesses that individual disaster loans could be as high as \$2 million, SBA has now imposed a \$150,000 limit without publicly announcing the change, said people familiar with the situation who was not authorized to speak publicly.

Additionally, the agency has faced a backlog of millions of applications for the disaster loan program for the past several weeks, several SBA officials have said.

The SBA has been so overwhelmed by demand that it is now allowing only agricultural interests to submit applications, as it works through an enormous backlog. Key Republican senators had been pushing hard for farmers and agriculture companies to be able to tap the program, and they are now being prioritized over other prospective borrowers.

Agency officials have said the holdup is because of a lack of funding and an unprecedented crush of applications. SBA public affairs employees declined to comment on the new loan limit and did not include it in a Monday news release about the program. James Rivera, who runs the program as associate administrator at the Office of Disaster Assistance, did not respond to a request for an interview.

The disaster loan program is different from the \$669 billion Paycheck Protection Program (PPP), which is run by private banks and regulated by the SBA. While the PPP is focused narrowly on keeping small businesses from laying off employees and encouraging them to rehire workers, disaster loans are meant as an economic lifeline to help small businesses survive the crisis. It is a preferred option for some of the smallest businesses because the loan size does not depend on the number of employees.

The SBA has released little information on the disaster loan program. In an April 24 document, the agency disclosed that it had processed 38,984 loans totaling roughly \$8 billion, which would amount to less than one% of SBA's total backlog.

Alejandro Contreras, a spokesman for the SBA's Office of Disaster Assistance, did not respond to repeated requests for an updated count on the number of EIDL loans approved. The SBA is yet to release loan-specific data for either program.

The Economic Injury Disaster Loans program, known as EIDL, is a longstanding SBA program that is accustomed to dealing with geographically contained disasters such as hurricanes, tornadoes, or forest fires. It was part of the federal response to Hurricane Katrina in 2005, Hurricane Sandy in 2012, and the forest fires that swept the US West Coast last year.

The SBA's Office of Disaster Assistance, which oversees the disaster loan program, has occasionally been criticized for moving too slowly.

A 2014 study by the nonpartisan Government Accountability Office found that the agency took an average of 38 days to process its economic injury loans after Hurricane Sandy, far overshooting its 21-day goal.

The SBA has also been criticized for failing to implement certain components of a 2008 law meant to improve the organization's readiness following Hurricane Katrina. That law, called the Small Business Disaster Response and Loan Improvements Act of 2008, directed the SBA to set up a program that could offer \$25,000 bridge loans in under 36 hours.

The SBA did not implement that program or two others required under the law, according to the GAO. Agency officials told the GAO and members of Congress that they declined to do so because lenders were not interested. However, the GAO countered that the SBA did not conduct "a formally documented evaluation of lenders' feedback."

The GAO also noted in its 2014 report that SBA's readiness was partially affected by problems with the E-Tran computer system, which private lenders use to verify loan applications with the SBA. In its report, the GAO said SBA was working on a new system called SBA One.

Although it is unclear whether SBA One was ever completed, the older E-Tran system is still being used. It has crashed repeatedly in recent weeks, interfering with the SBA's coronavirus response.

In its 2014 report, the GAO said the SBA's failure to learn from past disasters could hurt its readiness for future ones. The warning about the agency's inability to face a future crush of applications during a disaster was prescient.

Although the Paycheck Protection Program received significantly more funding from Congress, the disaster loan program is seen as a crucial component of the Trump administration's coronavirus response.

Lawmakers gave it new tools and new funding under the \$2.2 trillion Cares Act economic stimulus bill, hoping it could serve as a short-term bridge. At the same time, businesses wait for the larger Paycheck Protection Program loans. It was expanded on March 12 to include businesses affected by the pandemic, weeks before the Paycheck Protection Program got started on April 3.

But it was quickly overwhelmed by an unprecedented crush of applications in late March and early April as the economic crisis deepened. It received several million applications in the first few days it was activated, an SBA official told business owners in a recent webinar.

The program ran out of funding last month, prompting Congress to divert more resources to it. In late April, Congress allocated an additional \$50 billion for the loans, alongside \$320 billion for the Paycheck Protection Program, \$75 billion for hospitals and healthcare workers, and \$25 billion for coronavirus testing programs.

The SBA's failure to release detailed information on disaster loans has prompted harsh criticism from members of Congress.

In a Wednesday letter addressed to SBA administrator Jovita Carranza, 103 members of Congress criticized the Small Business Administration for failing to communicate effectively. They urged the SBA to inform small businesses about where they stand in the application cue and also provide daily updates to Congress. "Many small businesses have been without meaningful information from the SBA for weeks," the lawmakers wrote.

In a separate letter, a bipartisan group of lawmakers criticized asked for more information on a data breach that exposed nearly 8,000 businesses' information online. Sen. Marco Rubio, R-Fla., who has been closely involved in the small business lending programs as the leader of the Senate Committee on Small Business and Entrepreneurship, cheered the decision to provide loans to small businesses moving forward. He also promised close oversight of the program.

TOPIC 7: EDUCATION

This week in Maryland, SB 294, the Veterans Education Protection Act, became law. This historic achievement makes Maryland the first state in the nation to protect veterans by closing

the 90/10 loophole for all private for-profit schools in the state. The bipartisan bill passed the Maryland Senate unanimously on February 21st and the Maryland House Delegates on Wednesday, March 17th. After the Governor announced that Maryland General Assembly would go into early recess beginning March 19th, House leadership fast-tracked SB 294, voting to suspend House rules and passed it out of the House Appropriations Committee and the full House Floor in the same day.

THE PROTECT VETS ACT:

- CLOSING THE 90/10 LOOPHOLE
- SAFEGUARDING MILITARY AND VETERAN STUDENTS' HARD-EARNED GI BILL BENEFITS
- HOLDING PREDATORY INSTITUTIONS ACCOUNTABLE
- SAVING TAXPAYER DOLLARS

Due to a loophole in the federal law, businesses in the for-profit education sector are inadvertently incentivized to target veterans for enrollment aggressively.

The Higher Education Act's 90/10 rule stipulates that a for-profit education business may derive no more than ninety percent of its revenues from Title IV federal student aid. Congress enacted this rule as a market-viability test: To ensure federal funds are not used to prop up otherwise failing for-profit companies that are unable to attract private-paying students. The US Supreme Court upheld the rule's precursor. By explaining it has "a device intended by Congress to allow the free market mechanism to operate and weed out those institutions [which] could survive only by the heavy influx of Federal payments," and "a way of protecting [students] by allowing the free market mechanism to operate." The Court noted that "[I]f an institution of higher learning cannot attract sufficient... nonsubsidized students to its programs, it presents a great potential for abuse of our educational programs."

But there's a loophole. There was no robust GI Bill in place at the time, and Congressional authors overlooked the smaller GI Bill and Defense Department funds. Hence, the statute fails to mention the GI Bill and Defense Department Tuition Assistance (TA) funds. Through an accounting gimmick, they were widely criticized by two dozen state Attorneys General as violating the intent of the law.

For-profit colleges manipulate this to count GI Bill dollars & Defense Department Tuition Assistance as if they were private revenue, to offset the 90% cap on federal student aid the schools otherwise face.

The incentive to do so is glaring; it is more cost-efficient for many for-profit colleges to invest in aggressive marketing campaigns aimed at veterans than it is to invest in additional educational resources. Notably, DeVry University voluntarily closed the 90/10 loophole in its business

practices in 2019. The Veterans Education Protection Act closes the 90/10 loophole in Maryland by requiring that for-profit education businesses receive no more than ninety percent of their revenues from all federal sources, including the GI Bill and Defense Department Tuition Assistance.

TOPIC 8: TOWN HALL PARTICIPATION

1. VE&E staff participated in the Inc. Magazine and US Chamber of Commerce National Small Business Town Hall #6

Neil Bradley, Chief Policy Officer U.S. Chamber of Commerce, stated that not as many would get the loans, but recommended they go ahead and apply if their bank will take the application. \$60 Billion has been set aside for Smaller and Community banks, CDFIs, but that's going fast.



Businesses want to know how to get loan forgiveness: (1) For businesses to determine what is the maximum amount of loan forgiveness, they need to keep track of what they are spending money on during the eight weeks following loan receipt to ensure that 75% are on payroll expenses. (2) Understand the program requirements to ensure they're not being penalized for not meeting the established criteria for payroll (reduced payroll or cut wages by 25%).

The Chamber recommended SBs work with a CPA to track expenses. Businesses can take an Employee Retention Tax Credit: \$5,000 per employee; however, they can't get the Credit if they get a Paycheck Protection Program Loan.

There may be another bill. Memorial day at best. There are going to be money for healthcare and state and local governments; and resources and support for re-opening.

What are the options when employees fear going back to work? Employers should take into account ADA and OSHA laws. Does the employee's request fall under The Families First Coronavirus Response Act (FFCRA)? FFCRA requires certain employers to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. The business should consider the type of employer they want to be and the culture they want to have.

\$90 Billion has already loaned as of 22 April. The American Bankers Association estimates that approximately one-third of the pot is still available to loan.

2. VE&E continues its research on the impact of COVID-19 on rural areas and communities:

- a. Congressman Scott Tipton (R-Colorado) issued a press release on 26 April, making it clear that rural hospitals can participate in the PPP. In the recent legislation, \$825 million has been set aside for Community Health Centers and rural health clinics to keep acquiring the equipment they need to treat patients effectively.
- b. The Secretary of Agriculture is authorized to designate counties as disaster areas to make emergency (EM) loans available to producers suffering losses in those counties and in counties that are contiguous to a designated county. [Emergency Disaster Designation and Declaration Process Fact Sheet](#) is attached.
- c. The Aspen Institute, an international economic think tank, is providing COVID-19 resources for rural people and communities, including tribal. They are also collecting and sharing COVID-19 best practices from rural areas. Information is available at <https://www.aspeninstitute.org/programs/community-strategies-group/rural-covid-19-resources/>

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