



VBA Longitudinal Studies

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VR&E Longitudinal Study, Annual Report 2016
for FY 2015

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Executive Summary

Overview of the Vocational Rehabilitation and Employment (VR&E) Program

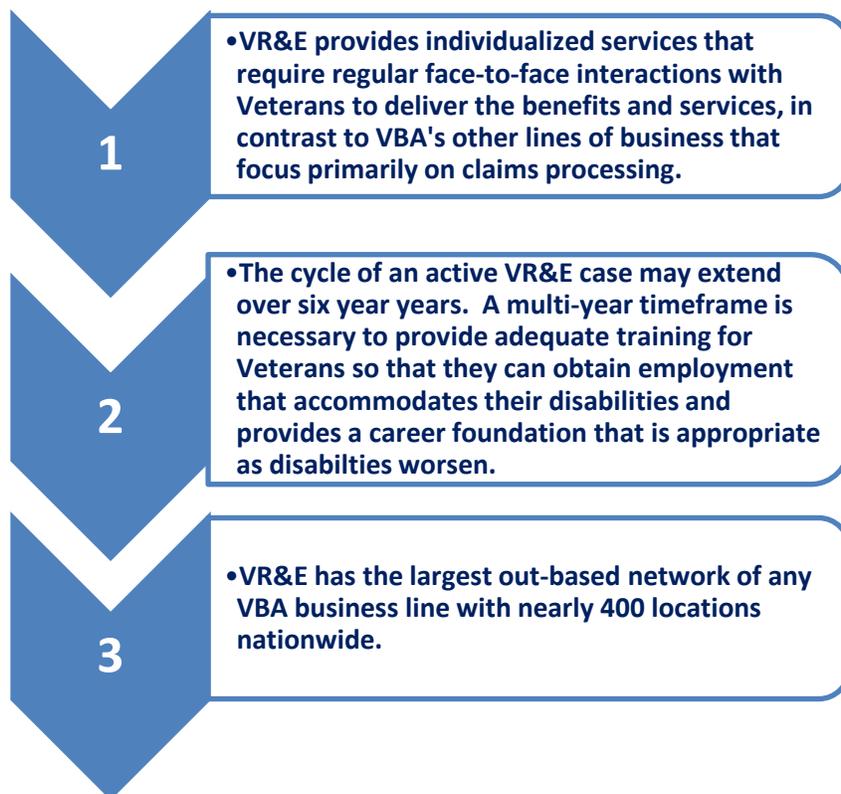
The Vocational Rehabilitation and Employment (VR&E) program, also known as the Chapter 31 program, assists Veterans and Servicemembers with service-connected disabilities and an employment barrier to prepare for, obtain, and maintain suitable employment. VR&E provides comprehensive services to include vocational assessment, rehabilitation planning, and employment services. For Veterans with service-connected disabilities so severe that they cannot immediately consider work, the VR&E program offers services to improve their ability to live as independently as possible in their families and communities.

VR&E also administers Chapter 36, Chapter 35, and Chapter 18 benefits under Title 38 U.S.C.. These Department of Veterans Affairs programs provide benefits to eligible dependents, spouses, and beneficiaries. However, these participants are not represented in the longitudinal study.

VR&E administers these benefits through a decentralized service-delivery network comprised of nearly 400 offices. As of the end of FY 2015, the field network includes a VR&E workforce of over 1,300 staff, including Vocational Rehabilitation Counselors, Employment Coordinators, support staff, and managers. The

network includes nearly 200 Integrated Disability Evaluation System counselors on 71 military installations, 79 VetSuccess on Campus counselors at 94 college locations, and over 150 out-based VR&E offices. Figure E-1 displays the key features that distinguish the VR&E service-delivery strategy from the service-delivery strategy of VBA's other lines of business.

Figure E-1. Three Key Features of VR&E Service-Delivery Strategy



VR&E Longitudinal Study

In 2008, Congress passed the Veterans' Benefits Improvement Act to improve and enhance benefits for Veterans. A section of this legislation required VA to conduct a 20-year longitudinal study of Veterans who applied for and entered a plan of services in the VR&E program in fiscal year (FY) 2010, FY 2012, and FY 2014. These three cohorts will be followed annually for 20 years. Survey data collection started in 2012 for the first two cohorts and in 2014 for the last cohort.

- Cohort I (FY 2010) 10,791 Veteran Members
- Cohort II (FY 2012) 15,396 Veteran Members
- Cohort III (FY 2014) 21,082 Veteran members

The primary goal of the longitudinal study of the VR&E program is to determine the long-term post-program outcomes associated with Chapter 31 Veterans. Section 334 of Public Law 110-389 requires VA to report to Congress annually on 16 specific data elements. The specific outcomes of interest in the mandate are:

1. Employment
2. Income
3. Home ownership
4. Use of other supplemental programs, measured by receipt of Social Security Disability Insurance, Supplemental Security Income, or unemployment benefits

The VR&E Longitudinal Study data sources used for analysis include (1) self-reported survey data collected from a representative sample of cohort members, and (2) VBA administrative data. Details about the survey methodology are included in Appendix B.

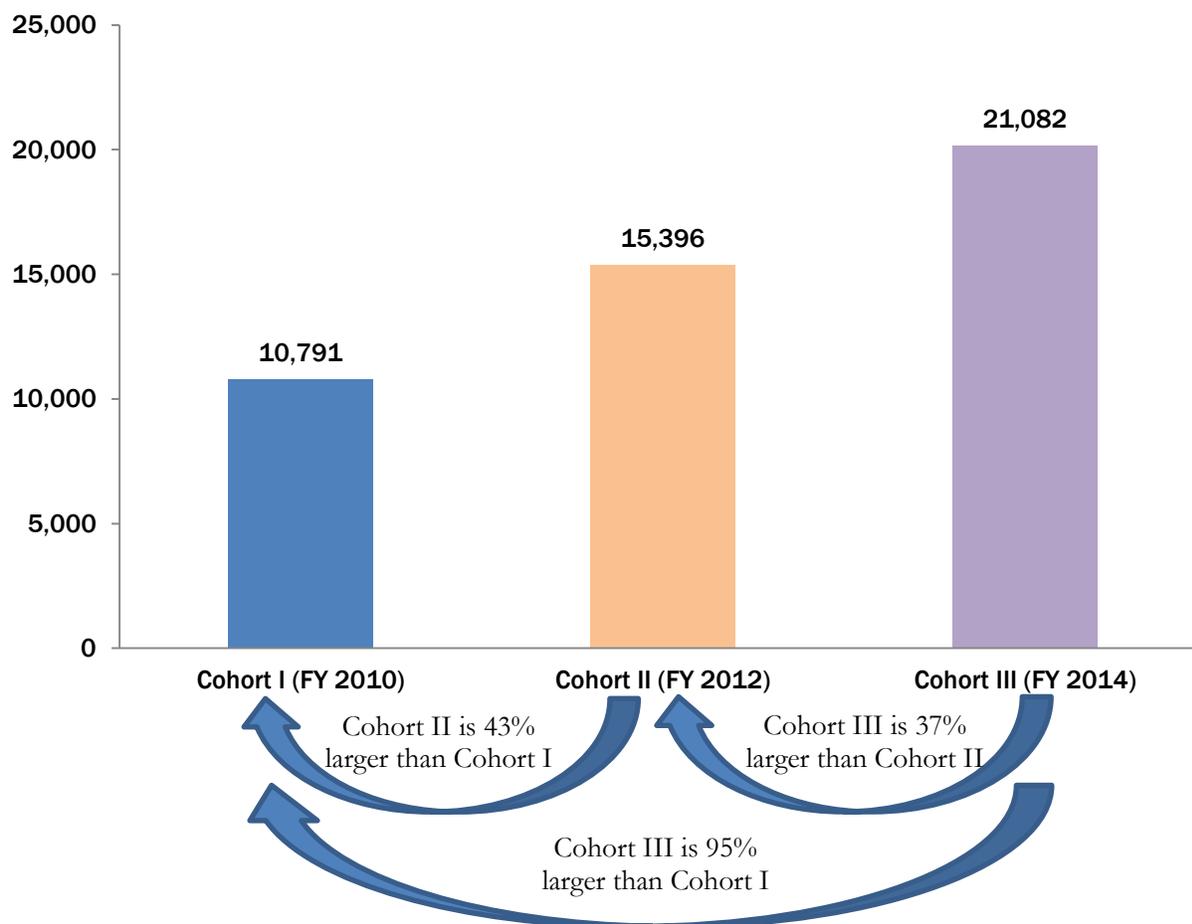
Given the majority of cohort members are still persisting in the program, post-program findings are still preliminary at this point in the study.

The results of the study will be used to enhance the services VR&E provides to Veterans.

Comparison of Cohort Findings

The number of participants in the VR&E program has increased with each cohort. Cohort II is nearly 50 percent larger than Cohort I. Cohort III is nearly 100 percent larger than the size of Cohort I.

Figure E-2. Number of VR&E Participants in Each Cohort of the Longitudinal Study



There are several likely contributing factors to the increase in cohort size, specifically:

- The number of recently separated Veterans.
- VA's efforts to reduce the disability claims backlog with the additional adjudicated claims, therefore increasing the number of potential eligible Veterans entering the program.

- Changes in the provision of monthly subsistence allowances for VR&E program participants who also qualify for Post 9/11 GI Bill benefits.

Veteran Satisfaction

- As indicated in Figure E-3, the majority of all participants for all cohorts reported moderate to high program satisfaction (~90%).
- Nearly 70 percent of discontinued participants reported moderate to high satisfaction with the program.

Figure E-3. Percentage of VR&E Participants Reporting Moderate or High Overall Satisfaction with the Program as of end of FY 2015



NOTE: Percentages (%) reported in figure are based on survey data that has been weighted up to reflect the cohort population.

¹ Percentages for moderate and high satisfaction may not sum to total percentages due to rounding.

Demographics and Participant Characteristics

The three cohorts are similar demographically; however, as shown in Table E-1, more recent cohorts have a slightly larger proportion of female Veterans, are significantly younger, are more likely to have served during the Gulf War II era, and have more education when starting the program. In addition, Cohort II (FY 2012) and III (FY 2014) have higher percentages of Veterans with a PTSD rating compared to Cohort I.

- Approximately three-quarters of cohort members have a Serious Employment Handicap (SEH). An SEH is defined as a significant impairment of an individual's ability to prepare for, obtain, or retain employment consistent with his/her abilities, aptitudes, and interest
- The average age of VR&E participants has decreased over time and more participants are reporting higher levels of prior education at program entry.
- The majority of cohort members served in the Gulf War era.
- Women make up a larger percentage of the program participants (17 – 20 percent) than the overall Veteran population (9 percent). However, the distribution of females among the VR&E cohorts is consistent with the proportion of women represented among all Gulf War II era Veterans (20 percent).
- On average, cohort members have a service-connected disability rating of about 60 percent. Comparing service-connected disability ratings for cohort members with that of overall Veterans with a service-connected disability reveal that VR&E participants have a higher service-connected disability rating than the “average” Veteran with a service-connected disability.
- Relative to persisting and discontinued participants, participants who have achieved rehabilitations have served more months on active duty.
- Almost one quarter or more of participants in each cohort have a primary rating of post-traumatic stress disorder (PTSD).

- On average, cohort members used VA-provided health care services in FY 2015 more frequently than the overall Veteran population.

Table E-1. Comparison of all three Cohorts of VR&E Participants on Selected Demographic Characteristics as of end of FY 2015

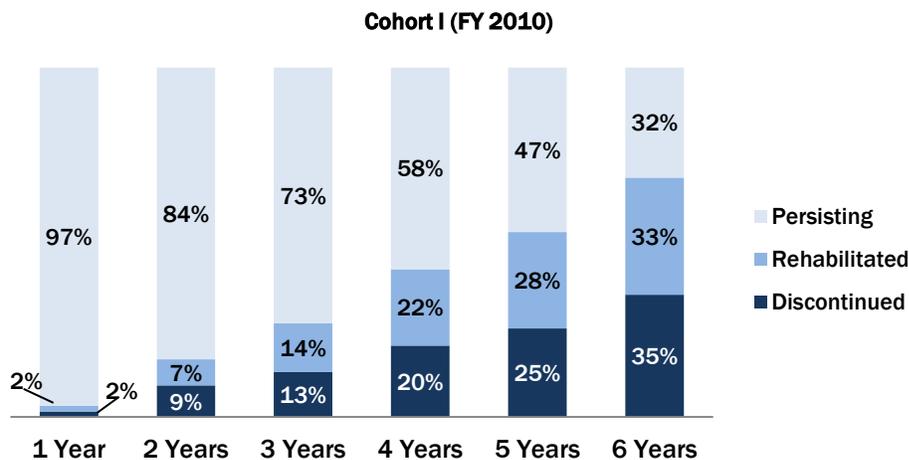
Characteristic	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Percentage of female Veterans	17%	18%	20%
Percentage of Veterans with a serious employment handicap	75%	76%	73%
Percentage of Veterans under 45 years of age at program entry	57%	61%	65%
Percentage of Veterans from the Gulf War II era	45%	61%	72%
Percentage of Veterans with at least some college education at program entry	55%	62%	68%
Percentage of Veterans with a primary diagnosis of PTSD	25%	30%	31%
Average Service-Connected Disability Rating	60%	62%	62%
Percentage of Veterans in an employment plan	87%	90%	92%
Percentage of Veterans in an Independent Living plan	7%	4%	2%
Average months served on active duty	74.8	77.0	78.9

NOTE: Percentages (%) reported in table are based on survey data that has been weighted up to reflect the cohort population.

Program Outcomes (Rehabilitation and Discontinuation)

- Because the vast majority of participants pursue the Employment through Long-Term Services track to complete education and training programs that may take several years, successful completion of the program takes time.
- As Figure E-4 shows, within six years of starting their plans, one third of Cohort I members have achieved rehabilitation and another one-third continue to persist in meeting their objectives to achieve rehabilitation.

Figure E-4. Cumulative Percentage of Cohort I Participants who are Persisting, Rehabilitated, or Discontinued as of each Study Year. ¹



NOTE: Percentages (%) reported in figure are based on VBA administrative data available for the cohort population. Percentages may not sum to 100% due to rounding.

- The majority of cohort members pursuing an Independent Living plan achieve rehabilitation within 2 or 3 years of entering the program.

¹VR&E deployed new performance measures and metrics on July 1, 2015. The new measures focus on positive outcomes (including rehabilitation), percent of active participation in the program, and accuracy. Based on initial deployment of these measures, and progress to date, we estimate that 75% of Cohort I have achieved positive outcomes to date. Future longitudinal studies will reflect these positive outcomes with more detail.

- Comparisons of cohorts for the same time period of program participation, reveals that participants exit the program at similar rates. A higher proportion of persisting Veterans were enrolled in an institution of higher learning in the past 12 months, relative to Veterans who have achieved rehabilitation or those who have discontinued from the program.
- VR&E implemented new program performance measures on July 1, 2015 that place a greater focus on Veteran outcomes and their accomplishments. These new measures of Veterans' success in the VR&E program are driven by positive outcomes and active participation. Positive outcomes include rehabilitation (IL and Employment), rehabilitation for further education, and maximum rehabilitation gains (either employed or employable). In support of the national key measures of class success and persistence rates, employee performance standards were reviewed to ensure they support the new program metrics. These new metrics effectively measure Veterans' outcomes at every stage of their progression through the program, and more accurately accounts for Veterans' multi-year participation in the VR&E program. The new model provides stakeholders with a clear, intuitive accounting of Veterans' progress and employment outcomes and better reflects the program mission.
- The new model of Veteran success is similar to a college graduation rate and includes two specific measures: the success rate and the persistence rate. The success rate is the percentage of Veterans who complete their goals and/or obtain employment (positive outcomes) measured against all Veterans in their class (i.e., year of program initiation). The persistence rate is the number in the class who successfully achieved a positive outcome plus the number of Veterans persisting in their rehabilitation program, measured against all Veterans in their class. The model also better aligns with reporting of graduation rates by institutions of higher learning, and better reflects the individualized needs of Veterans with service-connected disabilities in the VR&E program.
- VR&E's new program performance measures will be incorporated in future reports starting with the next Longitudinal Study Report (2017 VR&E Longitudinal Study Report for FY 2016).

Employment and Standard of Living Outcomes

The primary focus of the VR&E Longitudinal Study is on the long-term outcomes for VR&E participants after they exit the program. Hence, analyses of employment and standard of living outcomes focus on Veterans who have exited the program, either by successfully achieving rehabilitation or voluntarily discontinuing services before completing their rehabilitation plans.

- Employment and standard of living outcomes among cohorts improve over time as VR&E participants have more time to complete training and enhance their economic opportunities.
- Compared to those who have discontinued, participants who have achieved rehabilitation report more positive economic outcomes, including higher:
 - Employment rates
 - Annual earnings
 - Individual income
 - Household income
 - Home ownership rates
- For all three cohorts, more than 90 percent of Veterans who have achieved rehabilitation from an employment plan were employed in the past year, compared to less than half of Veterans who discontinued from an employment plan.
- Veterans who have achieved rehabilitation reported higher annual income amounts than discontinued participants – at least \$18,000 higher for individual income and at least \$20,000 higher for household income.
- For Cohort I, annual individual income of participants who have achieved rehabilitation is 60 percent greater than the median for discontinued participants.
- Of those participants who have achieved rehabilitation in Cohort I, the median annual household income is 74 percent greater than that of those who discontinued.
- Cohort II members who have achieved rehabilitation from an employment plan within 4 years of starting services reported slightly higher annual income (\$50,000 in FY 2015) compared to Cohort I within 4 years (\$43,395 in FY 2013). This 15 percent increase in earnings from FY 2013 to FY 2015 outpaces the 2 percent inflation rate between 2013 and 2015.

- For all cohorts, a larger percentage of those who have achieved rehabilitation currently have a VA-insured mortgage loan, compared to discontinued and persisting participants.
- A larger percentage of those who have achieved rehabilitation reported owning their principal residence, relative to those who discontinued from the program.

Observed Characteristics of Participants who Achieved Rehabilitation versus Discontinued Participants

- Participants who have achieved rehabilitation relative to those who discontinued:
 - Have served more months on active duty
 - Are older
 - Have a larger proportion that obtained a degree or certificate in the past year
- Discontinued participants relative to those who have achieved rehabilitation:
 - Have a higher combined disability rating (70 percent or higher)
 - Have a higher proportion of Veterans with a serious employment handicap
- The following factors have a positive correlation with the probability of still persisting in the program, and the time it takes to rehabilitate, as of FY 2015:
 - Pursuing an employment plan
 - Pursuing additional training or education²
 - Having a serious employment handicap
 - Having a higher combined disability rating
- The following factors increase the probability of rehabilitation (and lessen the time to rehabilitation):
 - Having at least some college education prior to program entry

² Receiving a subsistence allowance for participating in a training program is the proxy measure for pursuing additional training or education.

- Higher pre-rehabilitation salaries
- Longer lengths of military service
- Serving in the Gulf War II era

Additional findings for the study, as of the end of FY 2015, are highlighted in Table E-2. It is important to note that the FY 2010 and 2012 cohorts have had more time to complete training and to enhance their economic opportunities compared to the FY 2014 cohort. The most substantive finding of the study to date is that regardless of the length of time since they began their VR&E program of services, Veterans who have achieved rehabilitation have substantially better employment and standard of living outcomes than those who discontinued services. Rehabilitation remains one of the most dominant variables driving positive financial outcomes (current employment rate, number of months worked, annual earnings, and annual individual and household income) compared to those Veterans who were discontinued.

Table E-2. Summary of Outcomes for VR&E Participants, by Cohort, as of end of FY 2015

Current Observation	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Percentage of Veterans persisting in the VR&E program	32%	52%	80%
Percentage of Veterans who achieved rehabilitation from the VR&E program	33%	25%	9%
Percentage of Veterans who achieved rehabilitation who were currently employed (at the time of the survey)	74%	78%	73%
Percentage of Veterans who achieved rehabilitation who were employed within the past 12 months	80%	82%	83%
Percentage of discontinued Veterans who were currently employed (at the time of the survey)	34%	28%	30%
Percentage of discontinued Veterans who were employed within the past 12 months	41%	39%	38%
Average post rehabilitation earnings (during past 12 months) ¹	\$42K	\$40K	\$36K
Average post discontinued earnings (during past 12 months) ¹	\$31K	\$29K	\$25K
Percentage of Veterans with moderate or high program satisfaction	89%	89%	88%
Percentage of Veterans who achieved rehabilitation who own their principal residence	67%	62%	52%

NOTE: Percentages (%) and averages reported in table are based on survey data that has been weighted up to reflect the cohort population.

¹ Average earnings reported in table are based on conditional median earnings which excludes those with zero earnings. Hence, the conditional median provides an estimate of the average amount of annual earnings among Veterans who reported working.

Section 1:

Overview of the Vocational Rehabilitation and Employment Program

Section 1A: Services Provided by the VR&E Program

Section 1B: Evolution of Vocational Rehabilitation for Veterans

Section 1C: The VR&E Process

Section 1D: VR&E Program Participants as of FY 2015

Section 1E: VR&E Program Participants with Successful Rehabilitations

Section 1F: New Performance Measures and Metrics

Overview of the Vocational Rehabilitation and Employment Program

1

The mission of the Department of Veterans Affairs (VA) Veterans Benefits Administration (VBA), in partnership with the Veterans Health Administration (VHA) and the National Cemetery Administration (NCA), is to provide benefits and services to Veterans and their families in a responsive, timely, and compassionate manner in recognition of their service to the Nation. The Vocational Rehabilitation and Employment (VR&E) program is one of the benefits VBA provides to those who have served our country in uniform. It is authorized by Congress under Chapter 31 of Title 38, United States Code.

VR&E provides comprehensive services to include vocational assessment, rehabilitation planning, and employment services. For Veterans with service-connected disabilities so severe that they cannot immediately consider work, the VR&E program offers services to improve their ability to live as independently as possible in their families and communities.

The VR&E program assists eligible Veterans with service-connected disabilities and an employment barrier to prepare for, obtain, and maintain suitable employment.

VR&E continues to develop and expand methods to assist Servicemembers and Veterans in preparing for, obtaining, and maintaining suitable employment, with a focus on outreach and Servicemembers' early entry into VR&E services during transition from active duty. Included in these outreach efforts are the VetSuccess on Campus (VSOC) and the Integrated Disability Evaluation System (IDES) programs. In addition, VR&E expanded services to Servicemembers and Veterans through the implementation of the VOW to Hire Heroes Act of 2011, Public Law 112-56.

One of VR&E's outreach efforts is Education and Career Counseling also known, as the Chapter 36 program. Under Chapter 36 of Title 38, United States Code, VR&E has worked to increase access to program services for Veterans in VA education programs, including those Veterans receiving benefits under the Post-9/11 GI Bill, through the VSOC program, which provides outreach and transition services to the general Veteran population during their transition from military to college

life and ultimately entry into suitable employment. Through the VSOC program, a Vocational Rehabilitation Counselor (VRC) is assigned to participating campuses to provide a wide range of services to Veterans and beneficiaries, including:

- General benefits assistance
- Career counseling including vocational testing and academic and readjustment counseling services
- Assistance in overcoming barriers to colleges' retention of Veterans and Veterans' completion of degree programs

VSOC counselors provide eligible beneficiaries support and assistance to achieve their educational and employment goals. VSOC currently has a presence at 94 college campuses throughout the United States, which includes public and private institutions and community colleges.

Similarly, the Integrated Disability Evaluation System (IDES) initiative places VRCs at military installations throughout the country to assist select Servicemembers transitioning from active duty. The VR&E IDES initiative is directly authorized by the Wounded Warrior Act, Title XVI of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2008 (Public Law 110-181), section 1631(b), as extended by Public Law 113-291 on December 19, 2014, which authorizes automatic eligibility and entitlement to the VR&E program to severely ill or injured Servicemembers. Through this initiative, VR&E provides onsite outreach and other services to Servicemembers as they are transitioning from the military. The range of services VR&E provides under the IDES initiative includes:

- Onsite VRC referral for Servicemembers referred to the Physical Evaluation Board (PEB)
- Comprehensive evaluations
- Career counseling to identify vocational goals
- Rehabilitation planning and services

The early intervention provided by VR&E IDES counselors can significantly reduce uncertainty among Servicemembers during their recovery process, and provides for easier transition into civilian careers.

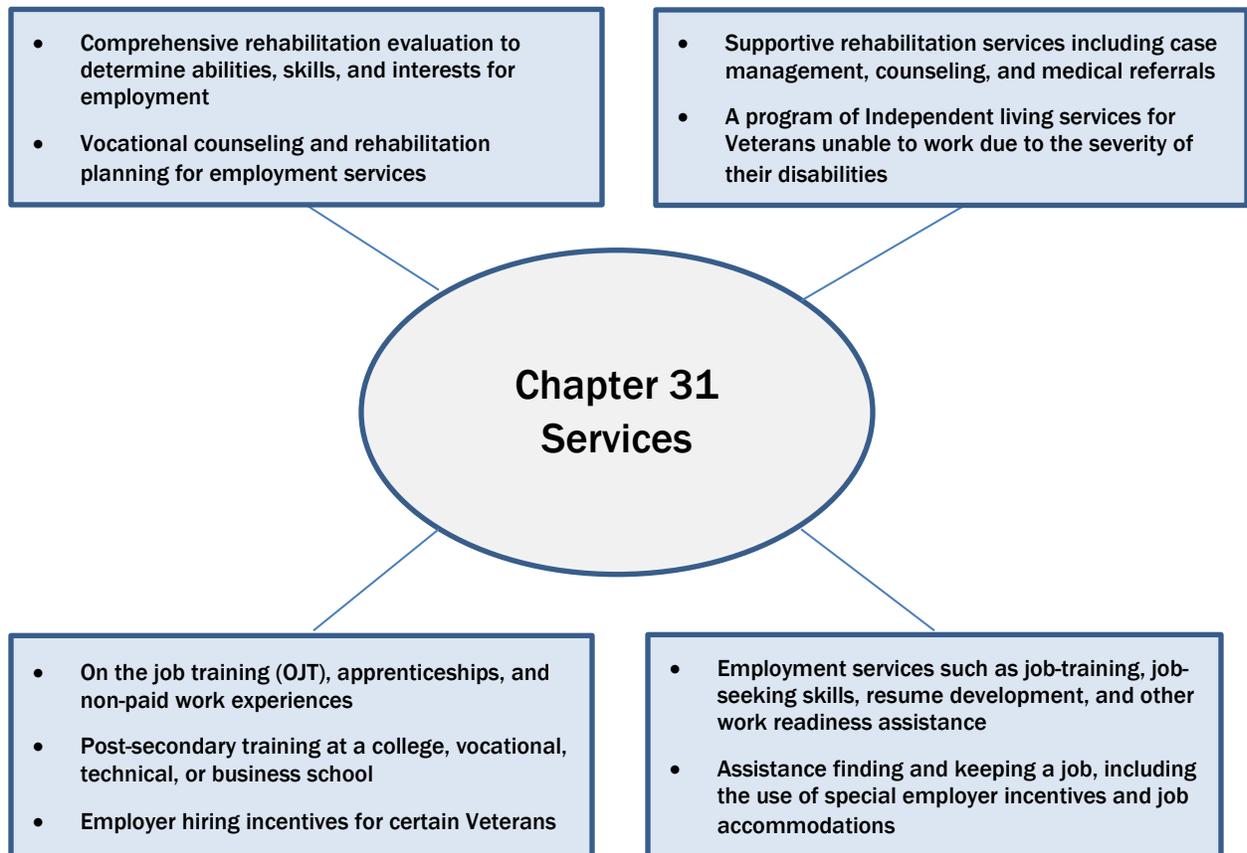
In 2012, VR&E implemented some of the provisions of Title II of Public Law 112-56. Under section 232 of this law, VA may pay an incentive to employers to hire or train Veterans participating in a VR&E program even when the Veteran has not completed a training program under Chapter 31. Under Section 231 of the law, authority to provide severely injured active duty military Servicemembers automatic eligibility and entitlement to VR&E services was extended until December 31, 2014. This authority was extended until December 31, 2015 by Public Law 113-291, and then further extended another year, until December 31, 2016 by Section 204 of Public Law 114-58. Section 233 of the law allows unemployed Veterans who previously completed a Chapter 31 program and had exhausted state unemployment benefits to receive an additional 12 months of vocational rehabilitation services. However, this entitlement for additional benefits expired in 2014 and most eligible Veterans have completed the additional 12 months of services.

Section 1A: Services Provided by the VR&E Program

VR&E administers the following services to eligible participants in accordance with the following chapters of Title 38:

Chapter 31. The Chapter 31 program assists Servicemembers and Veterans with service-connected disabilities and an employment barrier to prepare for, obtain, and maintain suitable jobs. For Veterans with severe service-connected disabilities who cannot immediately consider work, the Chapter 31 program offers services to improve their ability to live as independently as possible through the Independent Living track (see Figure 1A-1). The Longitudinal Study cohorts described in this report are comprised of individuals who applied for the Chapter 31 program, were found entitled, and began a plan of services during FY 2010, 2012, or 2014.

Figure 1A-1. List of Services that May be Provided under Chapter 31



Chapter 36. VR&E provides a wide range of educational and career counseling services to Servicemembers separating from active duty, as well as Veterans and their dependents who are eligible for one of VA's educational benefit programs. These services are designed to help an individual choose a vocational direction and determine the course needed to achieve their chosen goal.

Individuals who are eligible for educational and career counseling include transitioning Servicemembers who are within six months prior to discharge from active duty, or within one year following discharge from active duty. The discharge must be under conditions other than dishonorable. Individuals eligible for or currently using a VA education benefit such as the Chapter 33, Post-9/11 GI Bill are also eligible for educational and career counseling from VR&E. Assistance may include testing to identify areas of interest, aptitudes, and abilities; vocational exploration; setting goals; locating the right type of training program; VA benefits coaching; adjustment counseling; and exploring educational or training facilities which might be utilized to achieve a vocational goal. Chapter 36 participants are not represented in the Longitudinal Study.

Chapter 18. VA provides monetary allowances, vocational training and rehabilitation, and VA-financed health care benefits to certain Korea and Vietnam Veterans' birth children who have been diagnosed with spina bifida. For the purpose of this program, spina bifida is defined as all forms or manifestations of spina bifida (except spina bifida occulta). Effective October 10, 2008, Public Law 110-387, Section 408, made a change to 38 U.S.C. § 1803(a). As a result of this change, medical services and supplies for spina bifida beneficiaries are no longer limited to care for the spina bifida condition. This program now covers comprehensive health care considered medically necessary and appropriate.

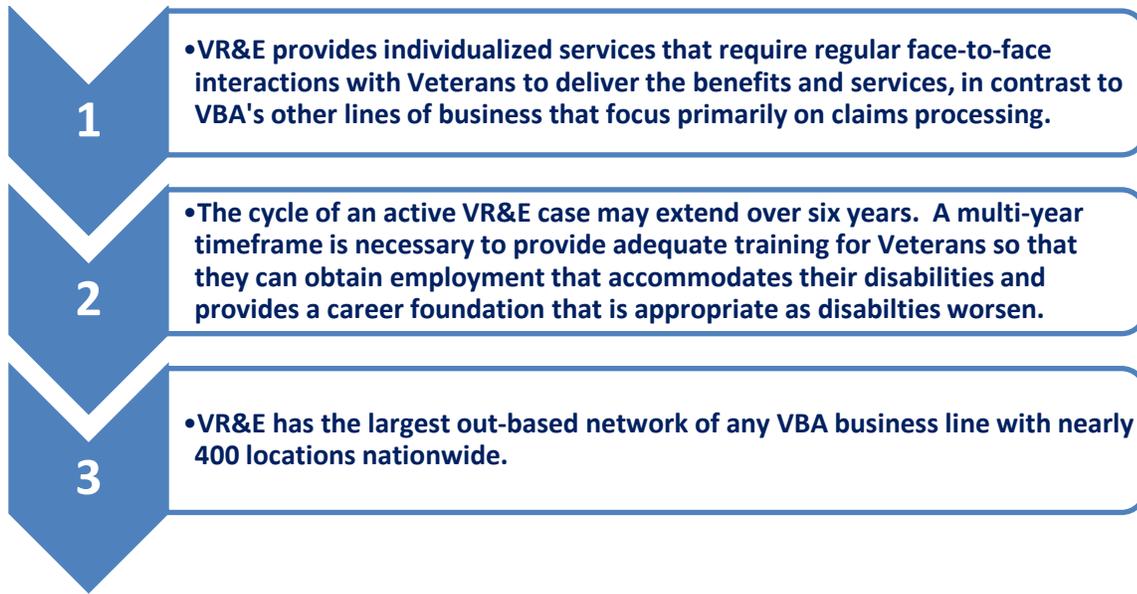
Vocational training and rehabilitation services are available to Chapter 18 participants if it is determined reasonably feasible for the eligible child to achieve a vocational goal. Chapter 18 participants are not represented in the Longitudinal Study.

Chapter 35. Under Chapter 35, VR&E can provide a wide range of educational and career counseling services to the spouse, son, or daughter of: 1) a Veteran who died or is permanently and totally disabled as a result of a service-connected disability, 2) a Veteran who died from any cause

while rated permanently and totally disabled as a result of a service-connected disability, 3) a Servicemember missing in action or captured in the line of duty by a hostile force, 4) a Servicemember forcibly detained or interned in line of duty by a foreign government or power, or 5) a Servicemember who is hospitalized or receiving outpatient treatment, has a service-connected permanent and total disability, and is likely to be discharged for that disability. These services are designed to help an individual choose a vocational direction and determine the course needed to achieve the chosen goal. Assistance may include testing to identify areas of interest, aptitudes, and abilities; vocational exploration; setting occupational goals; locating the right type of training program and exploring educational or training facilities which might be utilized to achieve an occupational goal. Chapter 35 participants are not represented in the Longitudinal Study.

VR&E administers these four benefits (Chapter 31, 18, 35 and 36) through a decentralized service-delivery network comprised of 56 VBA regional offices and 1 National Capital Regional Benefits Office, over 150 out-based offices, 71 IDES sites, and 94 VSOC locations. This network as of the end of FY 2015 is staffed with a VR&E workforce of 1,343 staff, including VRCs, Employment Coordinators, support staff, and managers. VR&E also has national service contracts which supplement the delivery of services provided by VRCs and employment staff. Figure 1A-2 displays the key features that distinguish the VR&E service-delivery strategy from the service-delivery strategy of VBA's other lines of business.

Figure 1A-2. Three Key Features of the VR&E Service-Delivery Strategy



VR&E's workload is predominately driven by three factors: (1) the number of Veterans applying for VR&E benefits (under Chapter 31, Title 38); (2) the number of Veterans who enter into the development and implementation of a rehabilitation plan; and (3) the associated growth of disability claims consistent with the reduction of the claims backlog. Once a Veteran applies and is determined eligible for services, the Veteran meets with a VRC to complete a comprehensive vocational assessment. The VRC will then make an entitlement determination. If the Servicemember or Veteran is not entitled, the counselor will assist with any necessary referrals for other services. Further information on eligibility and entitlement determination is presented in Section 1C: "The VR&E Process".

After the Servicemember or Veteran is determined entitled for vocational rehabilitation and employment benefits, the Servicemember or Veteran continues with further assessment and evaluation activities, as necessary. Based upon the results of the comprehensive vocational assessment and any additional evaluations, the Servicemember or Veteran and counselor will develop a vocational individualized rehabilitation plan. The plan centers on one or more of the five tracks of services customized to meet the Veterans' rehabilitation needs. The five tracks of services are described are:

- Re-employment (Track 1)
- Rapid Access to Employment (Track 2)

- Self-employment (Track 3)
- Employment through Long-Term Services (Track 4)
- Independent Living Services (Track 5)

The five tracks of services are described in more detail in Figure 1A-3.

Figure 1A-3. Five VR&E Tracks of Services



Vocational assessment and evaluation activities help Veterans and their counselors develop a vocational rehabilitation plan. A vocational rehabilitation plan lists the services that will be provided and identifies the objectives Veterans must pursue to achieve their rehabilitation goals. Every rehabilitation plan is different as the identified objectives and services provided are based on each individual Veteran's needs. The rehabilitation plan can be re-developed based on new needs or circumstances identified by the Veteran and counselor. The counselor and Veteran continue to meet for supportive services throughout all steps of the rehabilitation plan. Monitoring and support continue as long as the Veteran is a participant of the VR&E program.

Some individuals in the VR&E program have disabilities so severe that the achievement of a vocational goal is not currently feasible or cannot be determined without further evaluation. These individuals may have unstable medical conditions or other barriers which prevent the current achievement of a vocational goal. If the feasibility of the achievement of a vocational goal remains uncertain in coordination with a VRC, the Veteran may enter into an Extended Evaluation plan. The purpose of Extended Evaluation is to provide evaluative and rehabilitative services designed to determine whether achievement of a vocational goal is currently reasonably feasible. To participate in an Extended Evaluation plan, an individual must have a serious employment handicap. Veterans in Extended Evaluation may exit the VR&E program because the achievement of a suitable vocational goal is not currently reasonably feasible and they have no identifiable independent living needs. As their situations change, these individuals may later re-apply to the VR&E program. The Veteran then participates in a new evaluation, as their circumstances may have changed, and may develop a suitable vocational goal with the support of a VRC, or they may have unmet independent living needs.

As Veterans near the completion of the objectives of their rehabilitation plans, Veterans meet with their counselors to assess their readiness to enter employment, develop a job ready plan of services, or to update their rehabilitation plan. VRCs and ECs then assist Veterans with obtaining employment, ensuring that the Veteran has adjusted well and employment is stable. Once stable employment is reached, follow-up services are provided for at least 60 days before their cases are closed, with rehabilitation achieved.

Section 1B: Evolution of Vocational Rehabilitation for Veterans

Vocational rehabilitation began as a government service to war-injured Veterans during the World War I era. In 1917, the War Risk Insurance Act of 1914 was amended to provide rehabilitation and vocational training for Veterans with dismemberment injuries, injuries to their sight or hearing, and other injuries resulting in permanent disability.

In response to Veterans' needs, the VR&E program has changed substantially since it was first created.

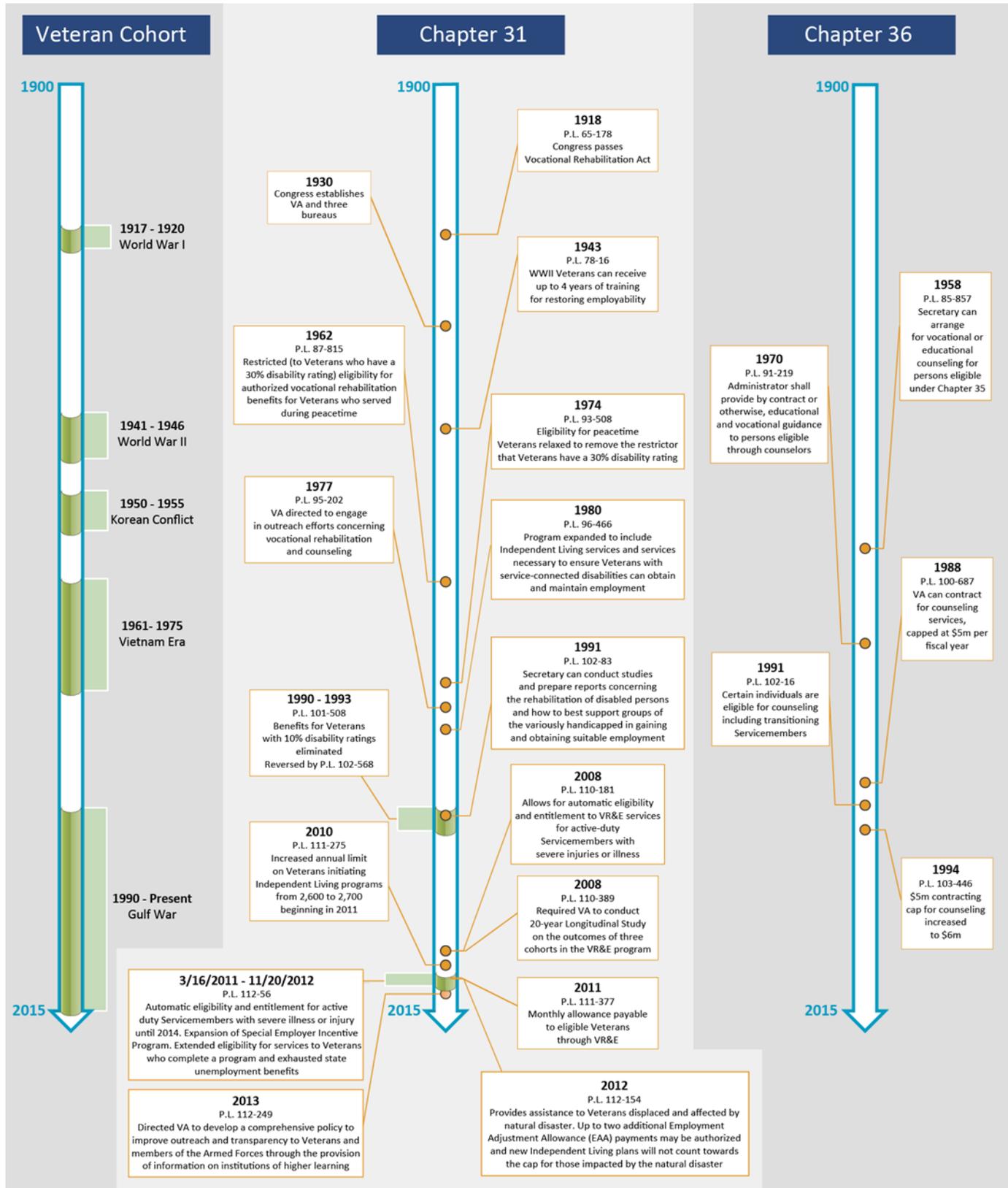
The legislative history noted in the highlighted facts in Figure 1B-1 provides context for understanding the nature and extent of changes that have been made over the years to the VR&E program. Since the original legislation that established the VR&E program, numerous pieces of legislation have passed into law that have shaped the eligibility rules and benefits into the modern program it is today.

Section 334 of the Veterans' Benefits Improvement Act of 2008 (PL 110-389) requires VA to conduct a longitudinal study of Veterans who apply for VR&E services and begin rehabilitation plans in FY 2010, FY 2012, and FY 2014. It is also important to note recent legislative changes concerning the VR&E program have passed into law within the past few years, and could impact the findings of the Congressionally-mandated longitudinal study. Recent legislative changes to the program include:

- Automatic entitlement of VR&E services for active duty Servicemembers with severe injuries or illnesses (extended through the end of 2016)
- Increasing the annual limit on the number of Veterans initiating plans for Independent Living services from 2,600 to 2,700 (beginning in 2011)
- The provision of monthly subsistence allowances similar to those paid under the Post-9/11 GI Bill for those VR&E program participants who would also qualify for Post-9/11 educational benefits (beginning in August 2011)

- An extension of services for Veterans who have completed VR&E programs and exhausted state unemployment benefits. Eligibility for this extension began in 2011, and expired in 2014.

Figure 1B-1. Chronological History of Legislative Changes to the VR&E Program



SOURCE: Department of Veterans Affairs, VR&E MITRE Study 2015

Section 1C: The VR&E Process

The VR&E process begins when a Servicemember or Veteran completes an application (VA Form 28-1900) for VA Vocational Rehabilitation benefits. The application can be filled out either electronically (as of September 2015, the application is automated through eBenefits) or hard copy. Once the application is received by VA and basic eligibility is verified, the counselor meets with the Veteran to complete a vocational, medical, and academic history, including information necessary to determine if the Veteran is entitled to services.

The basic entitlement criteria require that the Veteran has received or will receive an honorable or other than dishonorable discharge, has a service-connected disability, and with a determination by the VRC that the disability has resulted in an employment handicap. An employment handicap is an impairment associated with the Veteran's ability to prepare for, obtain, or retain suitable employment consistent with his or her abilities, aptitudes, and interests. As shown in Figure 1C-1, Servicemembers and Veterans are determined to be entitled to the program if they have either a memorandum rating or a service-connected disability rating of 20 percent or more and an employment handicap. A memorandum rating is provided when a Veteran has not yet completed a disability compensation evaluation, but is eligible to apply for VR&E benefits because there is sufficient information to determine that a disability rating of 20 percent or more likely will be granted. In addition, active military personnel referred to a Physical Evaluation Board (PEB) or participating in the Integrated Disability Evaluation System (IDES) are automatically entitled to Chapter 31 benefits, under P.L. 110-181, following submission of an application and meeting with a counselor.

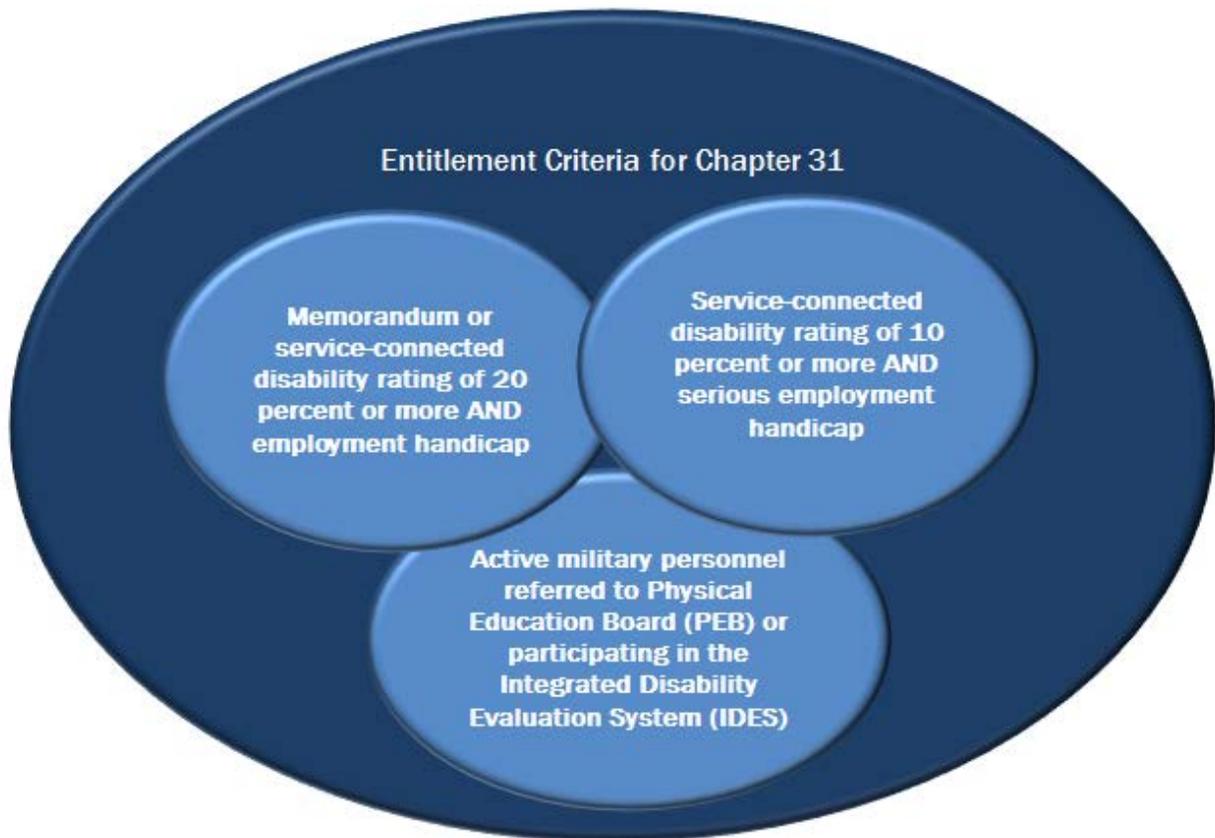
Veterans are also entitled to VR&E benefits if they have a service-connected disability rating of 10 percent and the VRC determines that they have a serious employment handicap. A serious employment handicap is determined by the VRC to be present when a significant impairment that results in substantial part from a service-connected disability rated 10 percent or more of a Veteran's

Veterans with a service-connected disability or memorandum rating, and a discharge other than dishonorable are eligible for the VR&E program.

In order to be entitled for VR&E services, a Veteran must have an employment handicap.

ability to prepare for, obtain, or retain employment consistent with his or her abilities, aptitudes, and interests exists.

Figure 1C-1. Entitlement Criteria for the VR&E Program



The law generally provides for a 12-year basic period of eligibility in which VR&E services may be used. Veterans whose 12-year period of basic eligibility has passed can still be entitled to VR&E services if the counselor determines that they have a serious employment handicap.

Once an entitlement determination is made after a comprehensive vocational assessment, the counselor and Veteran work together to determine if testing or additional assessment is needed. Testing completed during the initial evaluation may include aptitude and interest testing, educational achievement testing, psychological and physical assessments of functioning (through collaboration with VHA), and other assessments, such as a work hardening program, as necessary. The counselor

and the Veteran also review labor market information in order to ensure that the Veteran is prepared for, or pursuing training to prepare for, an in-demand occupational field compatible with the Veterans' identified interests, aptitudes, abilities, and which does not aggravate his or her service-connected disabilities.

When the assessments are completed, the counselor and Veteran develop a rehabilitation plan. Services identified in the rehabilitation plan are designed to meet the unique needs of each Veteran and will vary from Veteran to Veteran. Training services include tuition, fees, books, supplies, and a subsistence allowance. Veterans may also receive tutoring, adaptive equipment, specialized medical referrals, and other services, as needed or required.

The rehabilitation plan is individualized and may be re-developed as new needs or circumstances are identified by the Veteran and counselor. The counselor and Veteran continue to meet for case management and counseling as rehabilitation services are provided. Case management and support continue as long as the Veteran is a participant of the VR&E program.

As Veterans near completion of their training requirements and become more competitive and marketable in their career fields, their counselors and employment coordinators work with them to ensure that they are job ready, including assisting them with developing employment assistance plans. The employment assistance plan includes services tailored to the Veteran's specific needs, and may include such services as job seeking skills training, resume development, intensive interview preparation, job development, job placement, job accommodation assistance, job coaching, or any other services necessary to ensure that the Veteran can obtain and maintain suitable employment. After a Veteran enters suitable employment, the counselor or employment coordinator will provide follow up assistance for at least 60 days, to ensure that the employment is stable and that the Veteran has adjusted well to his or her employment before closing the case, with rehabilitation achieved.

The individualized rehabilitation plan:

- **Lists the vocational goal and services that will be provided,**
- **Identifies the Veteran's objectives, and**
- **Identifies milestones of progress and estimates timeframes for their completion.**

Section 1D: VR&E Program Participants as of FY 2015

Before we present the VR&E Longitudinal Study and this year's findings, it is important to consider the description of all the individuals currently in the VR&E population. A review of the entire population of Veterans who participated to some extent in the VR&E program during FY 2015 provides context for the findings of the Longitudinal Study. In FY 2015, VR&E had 131,647 Veterans who participated in a rehabilitation plan, including those who began a plan in that year or previous years. Table 1D-1 shows the number of male and female Veterans who participated in the VR&E program for all or part of FY 2015, as well as the number of participating Veterans who had an employment handicap or a serious employment handicap.

Table 1D-1. Veterans who Received Vocational Rehabilitation and Employment (VR&E) Benefits for all or part of FY 2015

VR&E Program Participants in FY 2015		#	%
Gender	Males	104,165	79.4%
	Females	27,077	20.6%
Serious employment handicap status	Veterans with a serious employment handicap	99,904	75.9%
	Veterans with an employment handicap	31,743	24.1%
Period of service	World War II	43	0.0%
	Post-World War II era	13	0.0%
	Korean conflict	71	0.1%
	Post-Korean conflict	119	0.1%
	Vietnam era	5,900	5.0%
	Post-Vietnam era	8,092	6.9%
	Gulf War era	103,012	87.9%
Total Participants¹		131,647	100.0%

SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2015.

¹ Totals include 405 participants unidentifiable by gender and 14,397 participants unidentifiable by period of service.

Male Veterans comprised almost four-fifths (79 percent) of the VR&E program in FY 2015, and female Veterans one-fifth (21 percent). The percentage of VR&E participants who are female is

consistent with the representation of female Servicemembers and Veterans who have served since the Gulf War era II, which is expected given that about 88 percent of VR&E participants served in the Gulf War era. About three-quarters (76 percent) of the Veterans participating in VR&E in FY 2015 had a serious employment handicap, which means there is significant impairment associated with their ability to prepare for, obtain, or retain employment that is consistent with their abilities, aptitudes, and interests. These Veterans receive additional supportive services, which may include extensions of entitlement, adaptive equipment, job coaching, independent living services, and/or other assistance.

76% of the Veterans participating in the VR&E program in FY 2015 had a serious employment handicap, which means there is significant impairment associated with their ability to prepare for, obtain, or retain employment that is consistent with their abilities, aptitudes, and interests.

All Veterans who apply for VR&E benefits first receive an orientation to the program, and are offered an individualized assessment of their interests, aptitudes, and abilities. Upon completion of the evaluation process and development of a rehabilitation plan of services, Veterans enter their individualized rehabilitation program to become “job ready” in their selected vocational choice, or to achieve the maximum ability to live independently in their families and community.

While in Job Ready (JR) status, the Veteran works with a counselor to obtain a suitable job, adjust to that new job, and once the job is stable, receive follow-up support for a minimum of 60 days. In certain circumstances, follow-up support may exceed 60 days, in order to meet the needs of a Veteran with a severe disability or to monitor stability of a Veteran. The length of time that Veterans remain in JR status varies according to the Veteran’s individual circumstances. During FY 2015, the average number of days that VR&E participants were in JR status was 178.

Of those Veterans participating in a plan of services, most follow the Employment through Long-Term Services track and receive services that include career counseling, case management, employment planning, training or education, VHA-sponsored medical or dental care, job-placement assistance, and other supportive services. Veterans may also receive a subsistence allowance. The traditional subsistence allowance is paid each month during training and is based on

The majority of VR&E program participants follow the Employment through Long-Term Services track which typically includes completing additional education or training.

the rate of attendance (e.g., full-time or part-time), the number of dependents, and the type of training. In accordance with Public Law 111-377, a Veteran participating in the VR&E program and entitled to a Chapter 31 subsistence allowance who is also entitled to assistance under the Chapter 33 Post-9/11 GI Bill can elect to receive subsistence allowance at the Post 9/11 subsistence allowance (P9/11SA) rate in lieu of the traditional Chapter 31 monthly subsistence allowance rate. In most instances, the P9/11SA rate may be higher than the traditional Chapter 31 subsistence allowance rate. Table 1D-2 shows the number of Veterans who received subsistence payments as part of a vocational training program in FY 2015. In FY 2015, 82,977 (~63 percent) of the Veterans in VR&E received a subsistence allowance for education or training being pursued while in the Employment through Long-Term Services track. A total of 1,996 of those Veterans who received a subsistence allowance pursued more than one type of training program in FY 2015.

63% of Veterans in the VR&E program received a subsistence allowance for additional education or training in FY 2015.

Table 1D-2. Veterans who Received Subsistence as part of a Training Program during FY 2015

Training Program	#	%
Subtotal – Educational program at an Institution of Higher Learning	76,304	89.8%
Undergraduate school	64,641	76.1%
Graduate school	9,354	11.0%
College, non-degree	2,309	2.7%
Subtotal – Vocational/Apprenticeship, on-the-job training, or other training program	5,471	6.4%
Vocational or technical	4,140	4.9%
Non-paid work experience in government agency	770	0.9%
Paid on-job training	199	0.2%
Apprenticeship	156	0.2%
Improvement of rehab potential	126	0.1%
Farm co-op	69	0.1%
High school	7	0.0%
Non-paid on-job training	4	0.0%
Extended evaluation/Independent living program	3,198	3.8%
Total¹	84,973	100.0%

SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2015.

¹ This number only represents participants during FY 2015 in receipt of subsistence allowance, a subset of total participants. Furthermore, the total includes 1,996 Veterans that engaged in more than one training type during FY 2015.

About 83 percent (not shown) of Veterans participating in VR&E in FY 2015 had less than a 4-year college degree prior to beginning services. Among those with less than a 4-year degree, about half (~54 percent, not shown) have taken some college or post-high school courses prior to beginning services. It is not surprising to find that of those participants who received a subsistence allowance in FY 2015, more than three-quarters (76 percent) received a subsistence allowance for participating in an educational program at an institution of higher learning to pursue an undergraduate degree (see Table 1D-2). Another 11 percent received a subsistence allowance for pursuing a graduate degree, and almost 3 percent are taking college courses as part of a non-degree program. The remaining individuals either participated in technical/apprenticeship, on-the-job training, or other training programs (~6 percent), or a program of independent living services (4 percent).

More than three-quarters of VR&E participants who received a subsistence allowance in FY 2015 are pursuing a college degree at an undergraduate institution.

11% of program participants who received a subsistence allowance are pursuing a graduate degree.

Veterans who have appropriate training and skills receive job search assistance and job accommodation services to transition them into the workforce. Other non-subsistence services include career counseling, medical referrals, non-training evaluation services such as assistive technology evaluations, initial evaluation, placements, and post-placement services.

In FY 2015 the VR&E program used the appropriations listed in Table 1D-3 to support the vocational rehabilitation of Veterans.

Table 1D-3. FY 2015 VR&E Appropriations

Appropriation		Amount (000's)
General operating expenses (e.g., salaries, rent, other services, travel, etc.)		\$258,531
Readjustment benefits	Subsistence allowance paid to Veterans	\$441,380
	Vocational training paid on behalf of Veterans (e.g., tuition, books, supplies, fees, etc.)	\$702,276
Total		\$1,402,187

SOURCE: Department of Veterans Affairs, President's Budget Request Fiscal Year 2017.

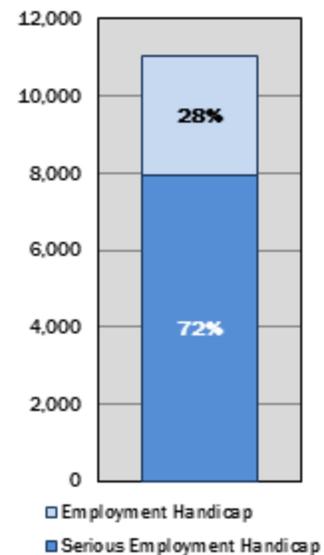
Section 1E: VR&E Program Participants with Successful Rehabilitations

Of the Veterans who participated in the VR&E program in FY 2015, there were 11,034 Veterans who successfully completed their rehabilitation plans at some point during the year. It is important to note that the Veterans who have achieved rehabilitation in FY 2015 entered the program at different points in time as many Veterans require multiple years of training to become qualified for new careers.

As shown in Figure 1E-1, Veterans who have a serious employment handicap represent 72 percent of the successfully rehabilitated closures in FY 2015. Eighty-three percent (9,129) of the successful rehabilitation closures in FY 2015 included Veterans who obtained and maintained employment (see Figure 1E-3). Another four percent of the successful closures that occurred in FY 2015 included Veterans who are employable, but elected to pursue continuing education instead of immediate suitable employment. The remaining 13 percent (1,443) rehabilitations were Veterans who received Independent Living services. The Independent Living services assist Veterans with service-connected disabilities to live as independently as possible in their homes and communities, as well as increase their independence to return to work. Thus, completing a plan of Independent Living services represents a significant step forward for the Veterans with the most serious impairments, the ones which the achievement of a vocational goal is not currently reasonably feasible.

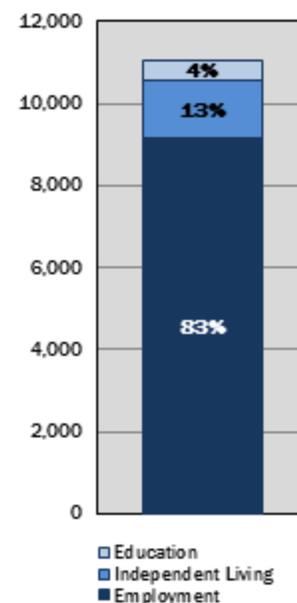
Once these Veterans have achieved the highest level of independence possible in completion of their VR&E program,

Figure 1E-1 Rehabilitation Outcomes by Employment Handicap in FY 2015 (N = 11,034)



SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2015.

Figure 1E-2 Types of Rehabilitation Outcomes in FY 2015 (N = 11,034)



SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2015.

a subsequent challenge, for select Veterans, is to seek and to find employment. It is expected that some Veterans receiving independent living services will try to accomplish the goal of obtaining suitable employment through one of the VR&E Employment tracks. However, for most Veterans receiving independent living services, the ultimate goal is to live as independently as possible in their families and communities. Because of the design of the Independent Living program, it is expected that a vast majority of Veterans in the Independent Living track will complete their rehabilitation plans within two years, substantially faster than most Veterans in the employment tracks. According to a recent GAO Study, (GAO-14-61) Veterans who pursue an employment track are in the VR&E program an average of 4 years and 7 months. The Independent Living services cannot exceed 24 months, although extensions may be provided up to a total of 30 months if needed. For Veterans receiving the Chapter 33 Post-9/11 GI Bill benefit, additional extensions may be approved to ensure that Veterans with the most severe injuries are able to achieve successful rehabilitation outcomes.

Of the 9,591 Veterans who successfully completed employment rehabilitation plans, about 88 percent (not shown) began full-time employment. The remaining 12 percent (not shown) pursued part-time employment, volunteer opportunities, or additional education. More than three-quarters (77 percent) of the Veterans who have achieved rehabilitation and who began full-time employment obtained professional, technical, or managerial jobs in FY 2015 (see Table 1E-1). Another 14 percent began a career in the service (5 percent), clerical (5 percent), or machine trades (5 percent) industries.

About 88% of Veterans who achieved rehabilitation from an employment plan began full-time employment in FY 2015.

Of those Veterans who began full-time employment, 77% obtained professional, technical or managerial jobs.

As indicated in Table 1E-1, the average annual starting wage among Veterans who successfully completed their rehabilitation plans and began full-time employment in FY 2015 was \$39,043 (see Table 1E-1). Of the 77 percent taking a professional, technical, and managerial position, the average annual wage was \$41,998, which is above the average for the entire group. For the remaining 23 percent of Veterans who began full-time employment service, clerical, machine trades, or other occupations, the average annual wage ranged from \$29,467 to \$35,015.

Table 1E-1. FY 2015 Career Categories of Veterans who Achieved Rehabilitation

FY 2015 Career Categories of Veterans who Achieve Rehabilitation	Number and Percentage of Veterans		Average Annual Wages at Rehabilitation
	#	%	
Professional, Technical, and Managerial	6,552	77.4%	\$41,998
Service	405	4.8%	\$29,467
Clerical	396	4.7%	\$31,621
Machine Trades	376	4.4%	\$33,176
Miscellaneous	342	4.0%	\$35,015
Structural/Building Trades	197	2.3%	\$40,077
Other (below 2% each category) ¹	201	2.4%	\$30,655
Total and National Average	8,469²		\$39,043
Rehabilitations without full-time wages	1,105 ³		–
Total	9,574		–

SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2015.

¹ Includes careers in sales; benchwork; agriculture, fishery and forestry; and processing (butcher, meat processor, etc.).

² Excludes Veterans in the Independent Living track who have achieved rehabilitation and those Veterans who have achieved rehabilitation from an employment plan but pursued part-time employment, volunteer work, or additional education.

³ Includes continuing education, part-time employment, volunteer, and unknown.

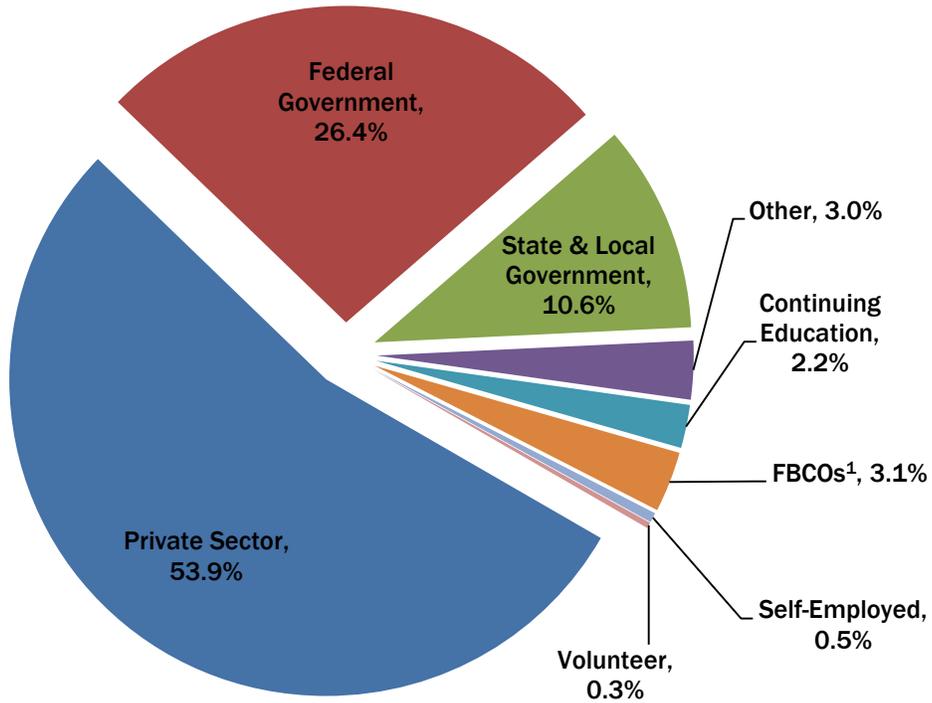
To put these salaries in context, we compared the average annual post-rehabilitation employment wages of Veterans who have achieved rehabilitation to the average annual wage for all Americans. In May 2015, the average annual wage of Americans³ in all occupations was \$48,320. Given that Veterans who have achieved rehabilitation are typically newly trained in their field, it is not unexpected that their average wages immediately following rehabilitation are somewhat lower than the average annual wages of the American working population, which includes individuals who have been working in their occupations for many years.

Veterans who successfully completed employment rehabilitation plans in FY 2015 became employed in a wide variety of career sectors (see Figure 1E-3). More than half were employed in the private sector (54 percent) with the next largest sectors being Federal Government (26 percent) and State & Local Government (11 percent). The remaining 9 percent were in other sectors, Faith-Based

³ http://www.bls.gov/oes/current/oes_nat.htm

Community Organizations, Continuing Education, Self-Employed, or were in Volunteer Work Experience.

Figure 1E-3. FY 2015 Career Sectors of Veterans who Achieved Rehabilitation



SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2015.
¹ Faith-based community organizations.

Section 1F: New Performance Measures and Metrics

VR&E's previous performance measures and metrics were not well understood by either internal or external stakeholders and did not provide adequate clarification on program oversight or to evaluate program performance.

VR&E implemented new program performance measures on July 1, 2015 that place a greater focus on Veteran outcomes and their accomplishments. These new measures of Veterans' success in the VR&E program are driven by positive outcomes and active participation. Positive outcomes include rehabilitation (IL and Employment), rehabilitation for further education, and maximum rehabilitation gains (either employed or employable). In support of the national key measures of class success and persistence rates, employee performance standards were reviewed to ensure they support the new program metrics. These new metrics effectively measure Veterans' outcomes at every stage of their progression through the program, and more accurately accounts for Veterans' multi-year participation in the VR&E program. The new model provides stakeholders with a clear, intuitive accounting of Veterans' progress and employment outcomes and better reflects the program mission.

The new model of Veteran success includes two specific measures: the success rate and the persistence rate. The success rate is the percentage of Veterans who complete their goals and/or obtain employment (positive outcomes) measured against all Veterans in their class (i.e., year of program initiation). The persistence rate is the number in the class who successfully achieved a positive outcome plus the number of Veterans persisting in their rehabilitation program, measured against all Veterans in their class. The model also better aligns with reporting of graduation rates by institutions of higher learning, and better reflects the individualized needs of Veterans with service-connected disabilities in the VR&E program.

VR&E's new program performance measures will be incorporated in future reports starting with the next Longitudinal Study Report (2017 VR&E Longitudinal Study Report for FY 2016). Future

reports will include information on positive outcomes, class success rate, and the persistence rate for the three VR&E cohorts participating in the Longitudinal Study, providing a more accurate account of their success in the program.

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Section 2:

VR&E Longitudinal Study

Section 2A: Introduction to the Longitudinal Study

Section 2B: Data Sources used for the Longitudinal Study

Section 2C: Policy and Environmental Conditions at Cohort Entry

Section 2D: Interpreting Longitudinal Study Findings

VR&E Longitudinal Study

2

In 2008, Congress passed the Veterans' Benefits Improvement Act of 2008, Public Law 110-389, to improve and enhance compensation and pension, housing, labor and education, and insurance benefits for Veterans. Section 334 of this law amended Chapter 31 by adding a 20-year longitudinal study requirement of Veterans who began their vocational rehabilitation program during FY 2010, FY 2012, and FY 2014 (see Figure 2-1). A copy of the law is included in Appendix A.

Figure 2-1. Section 334 of the Veterans' Benefits Improvement Act of 2008 Requiring VA to Conduct a Longitudinal Study of VR&E Program

“Sec. 3122. Longitudinal study of vocational rehabilitation programs

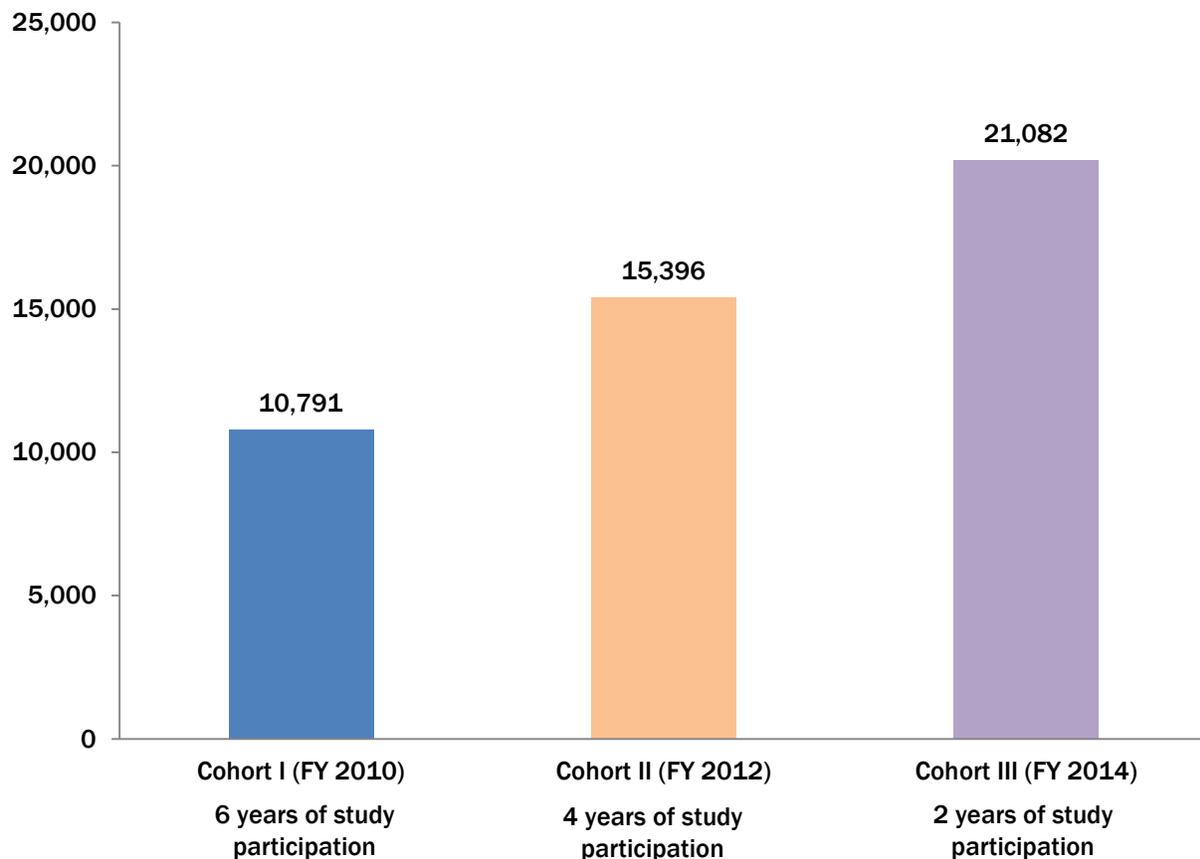
(a) Study Required.—

- (1) Subject to the availability of appropriated funds, the Secretary shall conduct a longitudinal study of a statistically valid sample of each of the groups of individuals described in paragraph (2). The Secretary shall study each such group over a period of at least 20 years.**
- (2) The groups of individuals described in this paragraph are the following:**
 - (A) Individuals who begin participating in a vocational rehabilitation program under this chapter during FY 2010.**
 - (B) Individuals who begin participating in such a program during FY 2012.**
 - (C) Individuals who begin participating in such a program during FY 2014.”**

In compliance with the law, VA is conducting the VR&E Longitudinal Study to assess the long-term outcomes of 3 cohorts of participants – those who applied for and began a plan of services during FY 2010, FY 2012, or FY 2014. As shown in Figure 2-2, a total of 10,791 Veterans applied for and began a plan of services during FY 2010 (Cohort I), 15,396 Veterans applied for and began a plan of services during FY 2012 (Cohort II), and 21,082 Veterans applied for and began a plan of services during FY 2014 (Cohort III). At this time, as of the end of FY 2015, members of Cohort I have been participating in the VR&E Longitudinal Study for almost 6 years and Cohort II members have been in the study for almost 4 years. Cohort III participants have the shortest study tenure as of the end of FY 2015, with a study participation period of up to 2 years.

Per GAO Study 14-61, it often takes Veterans 6 years or more to complete training and obtain suitable employment. As of FY 2015, one-third of Cohort I and one-quarter of Cohort II have achieved rehabilitation. The majority of Cohort III are still preparing for employment.

Figure 2-2. Number of VR&E Participants in Each Cohort of the Longitudinal Study



This current report describes the demographic and program characteristics of each cohort, and also assesses the outcomes to date for each cohort, as of FY 2015.

For each cohort, some proportion of members have completed their plans (i.e., successfully achieved rehabilitation or achieved their positive outcomes) while other cohort members have discontinued their rehabilitation plans. The remaining cohort members are still pursuing the objectives of their rehabilitation plans. However, over time, a larger cumulative portion of these Veterans will successfully complete the program. It is expected that cohort members who have successfully completed the program will achieve better post-program outcomes than cohort members who are still persisting in their plans or who have voluntarily discontinued their plans. Therefore, findings related to outcomes are presented by program participation status (i.e., persisting, rehabilitated, or discontinued) (see Figure 2-3) as of the end of FY 2015. Before presenting the findings for all 3 cohorts as of the end of FY 2015, we provide more details on the study methodology in the next section.

Figure 2-3. Definition of Cohort Subgroups included in the Analysis



Section 2A: Introduction to the Longitudinal Study

The primary objective of the VR&E Longitudinal Study is to determine the long-term post-program outcomes associated with Veterans who establish a plan of services. The long-term post-program outcomes of interest include employment, income, home ownership, and use of supplemental public programs, such as unemployment, Social Security Disability Insurance, or other public assistance. Results of this study are intended to improve the quality of services that the VR&E program provides to Veterans.

Long-Term Post-Program Outcomes

- Employment
- Income
- Home ownership
- Use of public programs

Section 334 of Public Law 110-389 requires the VA to report to Congress annually on 16 specific data elements. The 16 data elements include specific outcome measures to be assessed, as well as 9 specific measures to be considered as possible covariates to be included in the analyses to explain employment outcomes. Table 2A-1 lists these outcomes and background characteristics along with the data sources that are used to define each measure.

The first step of data analysis includes a descriptive examination of the frequency distributions of various demographic and program characteristics of each cohort, by participation status (i.e., persisting, rehabilitated, or discontinued). Observed differences among subgroups within each cohort are future examined for statistical and programmatic significance, and differences across cohorts are assessed as well. Examination of the cumulative annual rates for Veteran satisfaction, rehabilitation, and discontinuation over time provides insights into program trends. In addition to describing the characteristics of the cohorts and discussing the trends related to exiting the VR&E program, a regression modeling was used to identify the individual and program characteristics associated with program satisfaction and exiting the program.

Table 2A-1. Data Elements Mandated by Section 334 of Public Law 110-389 to be Collected for the VR&E Longitudinal Study

Domain	Measure	Source of Data
Background characteristics	▪ The number of individuals participating in vocational rehabilitation programs under this chapter who suspended participation in such a program during the year	▪ VBA administrative data
	▪ The average number of months such individuals served on active duty	▪ VBA administrative data
	▪ The distribution of disability ratings of such individuals	▪ VBA administrative data
	▪ The types of other benefits administered by the Secretary received by such individuals	▪ VBA administrative data
	▪ The number of such individuals enrolled in an institution of higher learning, as that term is defined in section 3452(f) of this title	▪ Survey
	▪ The average number of academic credit hours, degrees, and certificates obtained by such individuals during the year	▪ Survey
	▪ The average number of visits such individuals made to Department medical facilities during the year	▪ Survey
	▪ The average number of visits such individuals made to non-Department medical facilities during the year	▪ Survey
	▪ The average number of dependents of each such veteran	▪ Survey
Employment	▪ The average number of months such individuals were employed during the year	▪ Survey
	▪ The average annual starting and ending salaries of such individuals who were employed during the year	▪ Survey, VBA administrative data
Income	▪ The average annual income of such individuals	▪ Survey
	▪ The average total household income of such individuals for the year	▪ Survey
Home ownership	▪ The percentage of such individuals who own their principal residences	▪ Survey
Use of other public program benefits	▪ The types of Social Security benefits received by such individuals	▪ Survey
	▪ Any unemployment benefits received by such individuals	

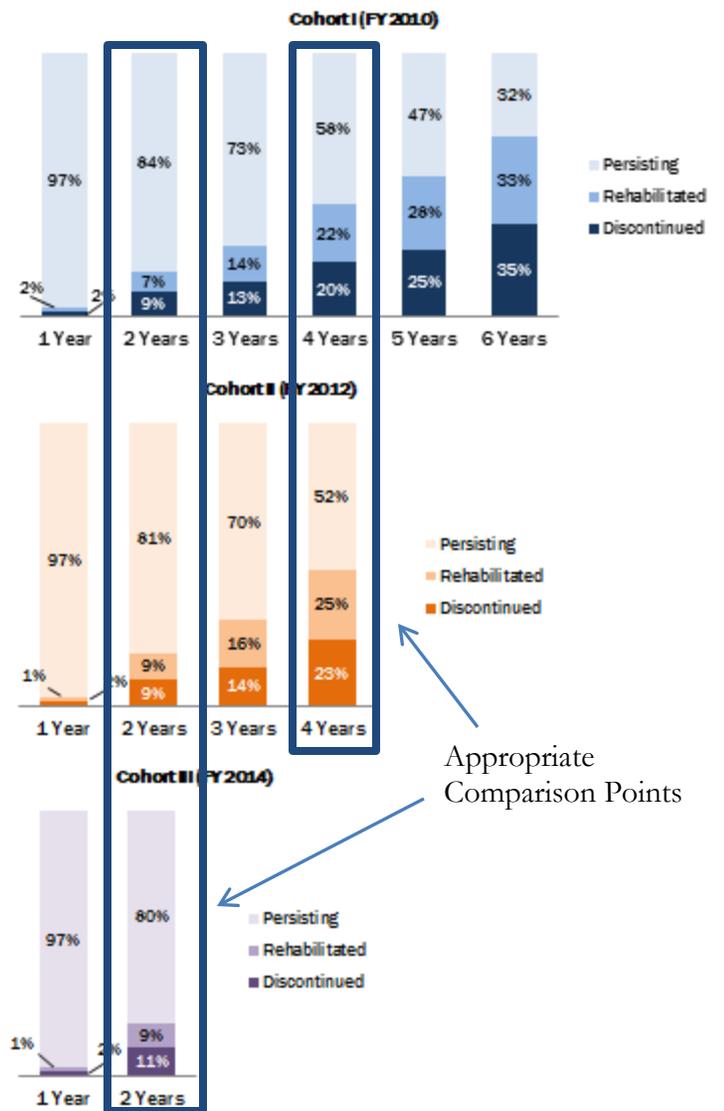
NOTE: A copy of Section 334 of Public Law 110-389 is included in Appendix A.

A similar strategy was followed by first conducting descriptive analysis and then using regression analysis to identify key factors associated with the long-term post-program outcomes of interest. Current differences and trends over time in employment, income, home ownership, and receipt of other program benefits were examined and compared for persisting, rehabilitated, and discontinued cohort members. Differences among subgroups within each cohort were assessed for statistical significance. In addition to describing the outcomes and discussing observed trends, a regression

modeling was used to determine the factors that are associated with long-term post-program outcomes.

At the end of FY 2015, Veterans in Cohort I, II, and III have been pursuing the objectives of their individualized rehabilitation plan for up to 6, 4, and 2 years, respectively. Because the 3 cohorts have entered the study at different points in time and are at various stages of pursuing the objectives of their rehabilitation plans, comparisons across cohorts cannot be made for end of the year outcomes (e.g., as of end of FY 2015). Instead, cohort comparisons are examined for similar time frames, specifically where cohorts have reached the same point in the program since entering the study. Because Cohort II (FY 2012) members have been in the program for up to 4 years, we can compare the 4-year outcomes for Cohort II members with the 4-year outcomes for Cohort I (FY 2010) members. Similarly, second-year outcomes can be compared across all 3 cohorts.

Figure 2A-1. Cohort Appropriate Comparison Points



Section 2B: Data Sources used for the Longitudinal Study

The VR&E Longitudinal Study data sources used for analysis include (1) self-reported survey data collected from a sample of cohort members, and (2) VBA administrative data. Details about the survey methodology are included in Appendix B.

Two Data Sources for the VR&E Longitudinal Study:

- Survey data
- VA administrative data

VBA administrative data focuses on information about the participant while they are in the program and their immediate post-program circumstances. Therefore, as Veterans complete their rehabilitation programs, there is limited VBA administrative data available regarding the long-term outcomes of interest. After participants end their programs, VBA administrative data only provide information on changes in disability status, use of health care assistance, death status, and re-entry into VR&E service tracks. Information about employment and standard of living outcomes, such as changes in employment status, annual wages from employment, income, and home ownership, come from survey data. A copy of the survey instrument for the VR&E Longitudinal Study is included in Appendix C, and Appendix D, which includes a list of the relevant administrative variables used for analysis.

Findings reported in the first 2 years of the VR&E Longitudinal Study were based solely on VBA administrative data. The initial survey for the study was administered to Cohort I and Cohort II in the fall of 2012, and annual follow-up surveys were fielded every subsequent year. For this current report, data collection for the third annual follow-up survey began in the fall of 2015 for Cohorts I and II. All Servicemembers and Veterans in Cohorts I and II who completed the initial survey in 2012 were encouraged to participate in 2015 for the third annual follow-up.⁴ The initial survey for Cohort III was administered early in 2015, and the first annual follow-up was administered in the fall of 2015.

⁴ During the first year of survey data collection in 2012, a \$20 incentive was offered to Veterans who completed the initial survey. The incentive was not offered for the first annual follow-up administered in 2013, however a \$20 incentive was reinstated for the 2014 survey. For this current survey year, a \$10 incentive was provided to survey respondents.

The sampling plan for the survey was designed to yield 3,500 completed surveys from each cohort during the initial year of administration. This was achieved with 3,710 Cohort I members, 3,636 Cohort II members, and 4,102 Cohort III members responding to the initial survey. These same respondents who completed the initial survey were the starting sample for the 2015 survey administration, which yielded 2,038 responding from Cohort I, 2,076 responding from Cohort II, and 2,986 responding from Cohort III (see Table 2B-1).⁵

Table 2B-1. VR&E Longitudinal Survey Completions during 2015 Administration

Respondent Type	Third Annual Follow-up Survey		First Annual Follow-up Survey
	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Cohort population	10,791	15,396	21,081
Total initial survey respondents	3,710	3,636	4,102
Deceased survey sample members	59	45	5
Final refusals from previous survey cycles ³	86	43	6
Eligible potential respondents for FY 2015 survey	3,565¹	3,548¹	4,091²
Final refusals from FY 2015 survey ³	22	17	22
FY 2015 survey non-respondents	1,505	1,455	1,083
FY 2015 survey respondents (completed surveys)	2,038	2,076	2,986
Web survey	1,160	1,229	1,972
Mail survey	551	510	559
Telephone survey	327	337	455
Response rate	57.2%	58.5%	73.0%
95% confidence interval for response rate	55.5% - 58.8%	56.9% - 60.1%	71.6% - 74.4%

¹ Eligible potential respondents include cohort members who completed the initial survey and were still alive at the start of the field period for the second annual follow-up.

² Eligible potential respondents include cohort members who were not deceased and cohort members who did not refuse to be contacted for follow-up surveys.

³ Final refusals include those respondents who indicate that they do not want to participate, and want no further contact about the study in future years.

⁵ Appendix E includes details on the procedures used for survey non-response weighting.

Section 2C: Policy and Environmental Conditions at Cohort Entry

There are many factors that influence a Veteran's decision to seek assistance from VR&E. Many of these are personal factors, such as the nature and severity of a disability, level of education, professional skills, length of time employed, and family finances. Once a counselor determines a Servicemember or Veteran is entitled to services, personal factors, such as their ability, aptitude, and interest, may also impact the type of track selection pursued while in the VR&E program, as well as the length of time it takes to complete the program. However, there are often external factors, such as underlying policy and environmental conditions that can affect program participation and subsequent employment outcomes. These conditions interact with the personal factors and may help to explain the decision to enter into a plan of services with VR&E, and the outcome of that decision. Some of these external factors are discussed below in more detail to illustrate the conditions that were present at the time of cohort entry.

Changes in number of potential eligible Veterans. The overall number of Servicemembers and Veterans who seek to receive VR&E benefits is a function of the number of Veterans who are eligible for the program. Both the number of Servicemembers separating from the military and the number of Veterans determined to have a service-connected disability rating affect the potential number of Veterans eligible for VR&E services. Military personnel levels are typically expressed in terms of end strength, which is the maximum number of personnel each of the military services is authorized to have on the last day of the fiscal year (September 30). The number of military separations is related to the end strength cap and is dictated by Congress each fiscal year. Table 2C-1 shows the end strength levels authorized in FY 2007 through FY 2015 by the NDAA for each fiscal year. In general, between FY 2007 and FY 2011, end strength levels grew, peaking at just over 1.43 million Servicemembers. Since then, end strength levels have declined, which is likely to continue based on recent Congressional discussions regarding the Federal budget and requisite personnel levels for the military services.

Table 2C-1. End Strength Levels Authorized in the National Defense Authorization Act FY 2007 through FY 2015

Fiscal Year	Army	Navy	Marine Corps	Air Force	Total
2007	512,400	340,700	180,000	334,200	1,367,300
2008	525,400	329,098	189,000	329,563	1,373,061
2009	532,400	326,323	194,000	317,050	1,369,773
2010	562,400	328,800	202,100	331,700	1,425,000
2011	569,400	328,700	202,100	332,200	1,432,400
2012	562,000	325,700	202,100	332,800	1,422,600
2013	552,100	322,700	197,300	329,460	1,401,560
2014	520,000	323,600	190,200	327,600	1,361,400
2015	490,000	323,600	184,100	311,220	1,308,920

SOURCE: NDAA for FY 2007 through FY 2015.

The declining active duty end strength numbers stem from military policy and budgetary decisions. The military completed the withdrawal of troops from Iraq in 2011, and began the drawdown of U.S. forces in Afghanistan in 2012. In January 2012, Secretary of Defense Leon Panetta announced that Pentagon spending would be decreased over the next decade by \$487 billion. In general, as end strength declines, the number of military separations increases. Table 2C-2 shows the number of military separations from FY 2007 through FY 2014 for the four branches of service combined. Overall, the table shows an increase in separations between FY 2010 and FY 2014. Decreasing end strengths and increasing separations are indicative that over the time period of this study's cohort entry dates (FY 2010 through FY 2014), more Servicemembers have transitioned into Veteran status.

In parallel to the increases in the number of individuals becoming Veterans, a greater

Table 2C-2. Number of Military Separations from FY 2007 through FY 2014

Fiscal Year	Total
2007	210,226
2008	185,101
2009	179,273
2010	176,248
2011	184,484
2012	201,958
2013	206,218
2014	204,556

SOURCE: Department of Defense, Office of the Deputy Assistant Secretary of Defense for Military Community and Family Policy, Annual Demographic Profile of the Military Community Reports 2007-2014. Accessed from http://www.militaryonesource.mil/search?content_id=268828

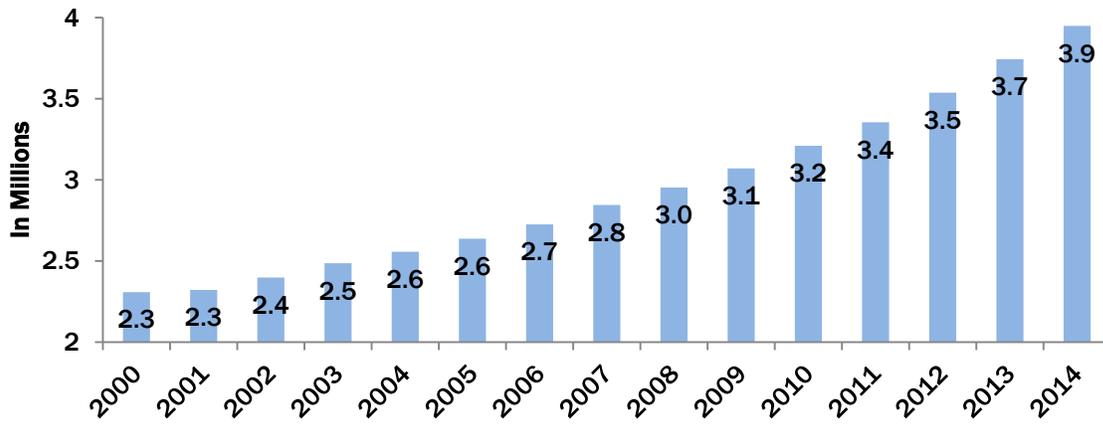
portion of military personnel are leaving military service and transitioning to Veteran status with a disability rating. Due to the improvements and technological advances in military medicine and equipment, more Servicemembers are surviving injuries, compared to previous wars. One research study⁶ that examined injuries related to involvement in the Iraq and Afghanistan, campaigns reported that unlike previous wars such as World War II and the Vietnam conflict where only 70 to 75 percent of soldiers survived their injuries, more than 90 percent of Operation Enduring Freedom/Operation Iraqi Freedom soldiers survived their injuries. However, as a consequence, some soldiers separate from active duty with multiple injuries, to include many with “invisible wounds” such as hearing impairments, degenerative vision, or post-traumatic stress disorder. These injuries can have a significant impact on a Veteran’s ability to obtain and maintain employment.

As Figure 2C-1 shows, the number of Veterans with a service-connected disability has risen substantially since 2000. Further examination of this same data indicates that the growth in the number of Veterans with a service-connected disability is concentrated among those rated 50 percent or higher (see Figure 2C-2). In particular, there has been a marked increase in the number of individuals with disability ratings of 70 percent or higher starting in 2001, coinciding with the beginning of combat operations in Afghanistan.

The number of Veterans with a disability rating of 70% or higher has increased from about 352,000 in 2001 to almost 1,280,000 in 2014.

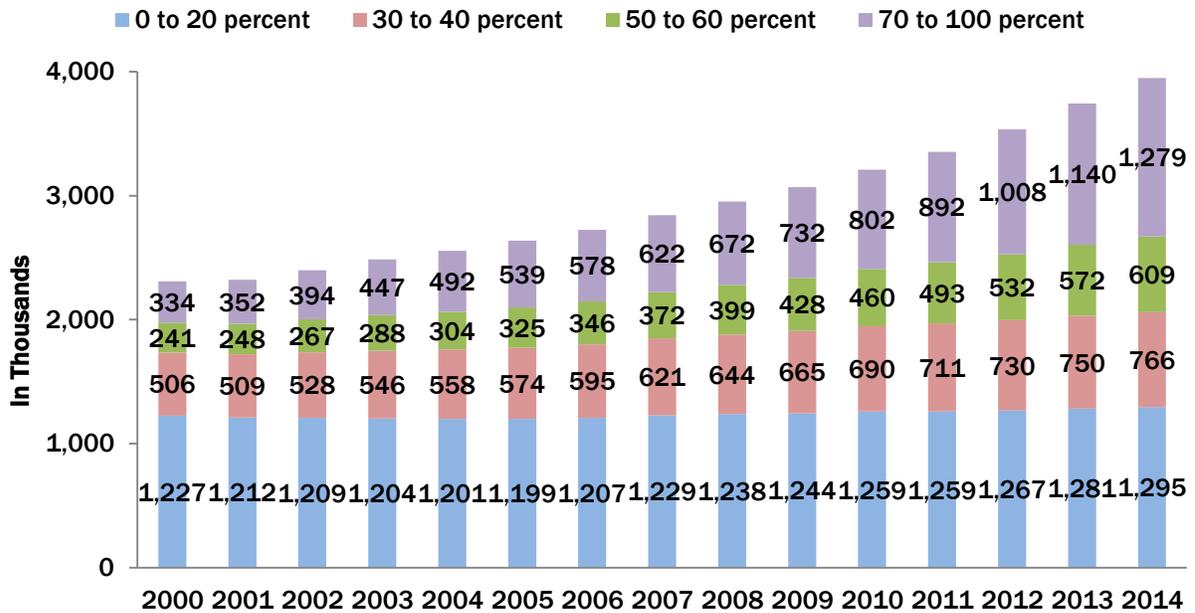
⁶ Gawande, Atul, “Casualties of War – Military Care for the Wounded from Iraq and Afghanistan,” *New England Journal of Medicine*, Vol. 351, No. 24, December 2004, pp. 2471-2475.

Figure 2C-1. Number of Veterans with a Service-Connected Disability (from 2000 to 2014)



SOURCE: Department of Veteran Affairs, Veterans Benefits Administration Annual Benefits Reports 2000-2014.

Figure 2C-2. Number of Veterans with a Service-Connected Disability (from 2000 to 2014), by Severity



SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Reports, 2000-2014.

The number of Veterans receiving disability compensation has also steadily grown in recent years; increasing by almost 1 million individuals (~34 percent) between FY 2008 and FY 2014 (see Table 2C-3). In fact, as shown in Table 2C-4, the number of Veterans who began receiving disability compensation increased by more than 50 percent between FY 2007 and FY 2014. This trend is due to increased efforts by VA to reduce the disability claims backlog and the substantial growth in the number of Veterans with an initial disability rating of 50 percent or higher in this time period, indicating more complex or severe disabilities.

Table 2C-3. Number of Veterans with Service-Connected Disabilities Receiving Compensation from FY 2008 through FY 2014

Fiscal Year	Total
2008	2,952,282
2009	3,069,652
2010	3,210,261
2011	3,354,741
2012	3,536,802
2013	3,743,259
2014	3,949,066

SOURCE: Department of Veteran Affairs, Veterans Benefits Administration Annual Benefits Reports 2008-2014.

Table 2C-4. Number of Veterans with Service-Connected Disabilities Who Began Receiving Compensation by Disability Rating by Fiscal Year (FY 2007 through FY 2014)

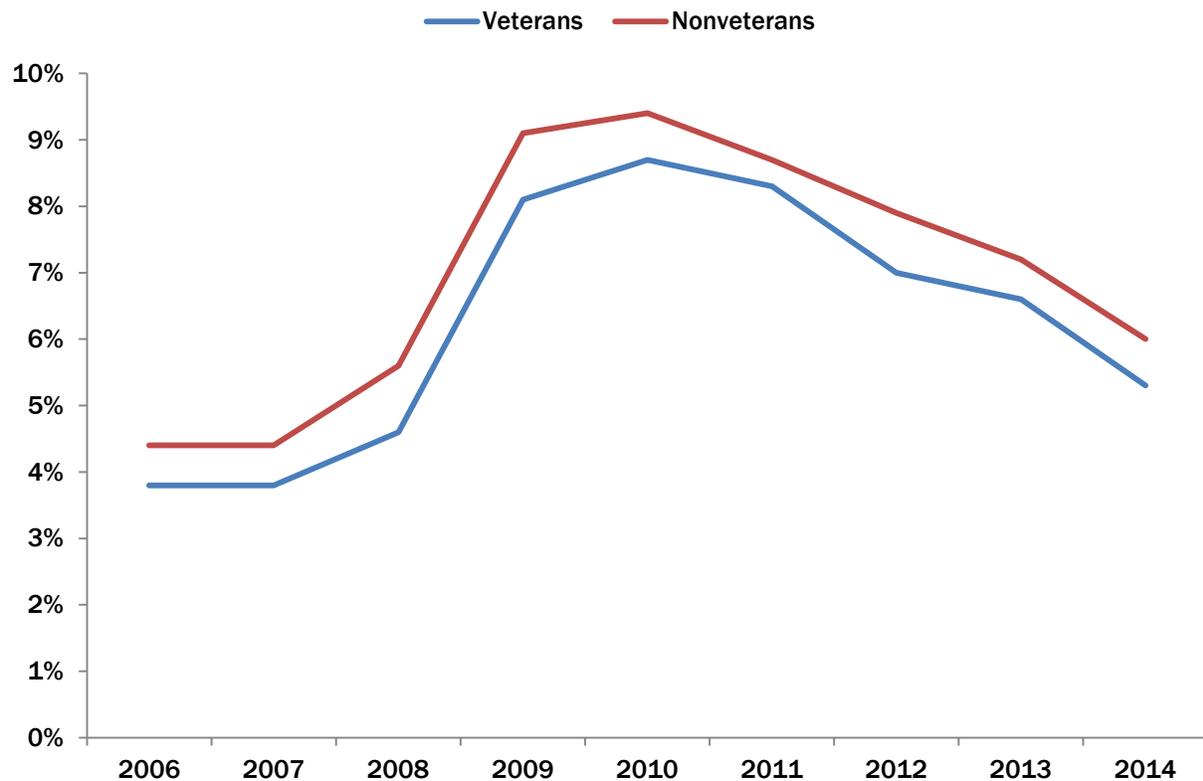
Disability Rating	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY2012	FY2013	FY2014	Percent Change FY 2007 – FY 2014
0%	521	551	624	635	522	710	781	753	44.5%
10%	52,949	53,374	58,949	70,872	68,834	67,541	72,608	72,759	37.4%
20%	33,702	33,024	34,069	36,763	28,980	31,163	32,248	30,286	-10.1%
30%	25,851	26,368	27,495	29,078	32,089	30,602	31,549	29,985	16.0%
40%	20,748	20,539	21,311	21,145	18,576	24,051	26,554	25,436	22.6%
< 50%	133,771	133,856	142,448	158,493	149,001	154,067	160,740	159,219	19.0%
50%	14,004	14,513	15,239	16,217	15,989	20,979	23,083	22,727	62.3%
60%	13,009	13,849	14,873	14,903	18,314	24,477	26,880	26,341	102.5%
70%	9,316	10,031	10,729	11,457	12,297	21,280	25,410	25,318	171.8%
80%	5,580	6,233	7,199	7,648	7,808	15,054	19,664	20,799	272.7%
90%	2,384	2,927	3,475	4,010	4,131	9,070	13,611	16,208	579.9%
100%	9,653	9,909	11,103	12,175	15,467	16,912	20,287	23,264	141.0%
50% – 100%	53,946	57,462	62,618	66,410	74,006	107,772	128,935	134,657	149.6%
Total	187,717	191,318	205,066	224,903	223,007	261,839	292,675	293,876	56.6%

SOURCE: Department of Veteran Affairs, Veterans Benefits Administration Annual Benefits Report 2014.

Trends in U.S. economic and employment context. Over time, it is likely that the U.S. economic and employment climate has a potential impact on the number of Veterans seeking assistance from VR&E. Figure 2C-3 shows that from 2006 through 2014 Veteran unemployment mirrored overall unemployment, with Veterans consistently having roughly 1 percentage point lower unemployment rates than the overall population. According to the Bureau of Labor Statistics, in August 2014, the unemployment rate for Veterans with a service-connected disability mirrored that of Veterans with no disability.⁷

⁷ U.S. Department of Labor, Bureau of Labor Statistics, "Employment Situation of Veterans Summary," Washington, D.C., March 18, 2015.

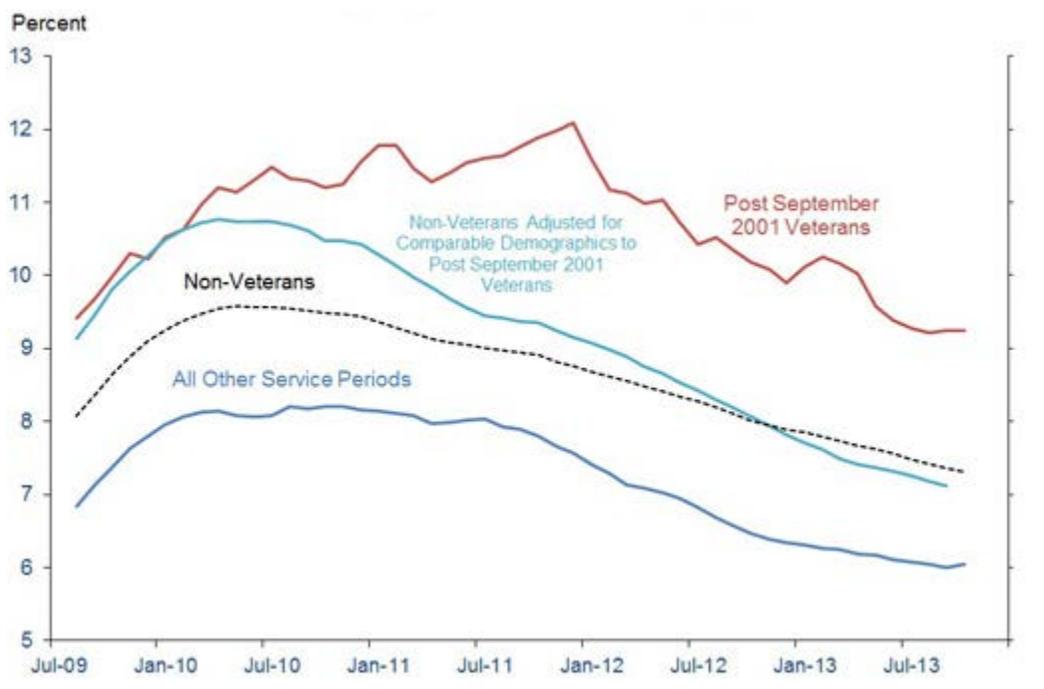
Figure 2C-3. Annual Unemployment Rates for the Total Population 18 Years and Older by Veteran Status from 2006 to 2014



SOURCE: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey extracted on March 18, 2015. Accessed from <http://www.bls.gov/webapps/legacy/cpsatab5.htm>.

Although unemployment rates have declined starting from 2010 to 2014, the job market remains relatively competitive. While for the past two years Veterans unemployment has been under the National Rate, the White House Council of Economic Advisers statistics show that post-September 2001 Veterans have a higher unemployment rate than both non-Veterans and Veterans from all other service periods combined (Figure 2C-4). These unemployment statistics indicate that Veterans with service-connected disabilities have experienced significant employment barriers similar to, and sometimes greater than, those of the general population.

Figure 2C-4. Unemployment Rates for Veterans Compared to Non-Veterans from July 2009 through July 2013 (in percent)



NOTE: Unemployment rate is a 12-month moving average based on not seasonally adjusted data.

SOURCE: Furman, Jason. "The Employment Situation in October." November 8, 2013. Accessed from <http://www.whitehouse.gov/blog/2013/11/08/employment-situation-october>

Legislative changes concerning Veterans returning to work. In recent years, several pieces of legislation have expanded and enhanced VR&E services for Servicemembers and Veterans. VA conducted extensive outreach to inform Servicemembers and Veterans of recent provisions and the availability of these expanded benefits. As we continue to assess the long-term post-program outcomes of the study cohorts over time, it will be important to understand the nature and extent of these recent legislative changes to the VR&E program, as they could affect both program participation and long-term outcomes. In fact, the VR&E program has already experienced an increase in program participation from FY 2010 to FY 2014.

Recent increases in VR&E program participation. From FY 2010 to FY 2014, there has been a marked increase in the number of Servicemembers and Veterans who began a VR&E rehabilitation plan of services. There are 43 percent (4,605) more members in Cohort II (FY 2012) than in Cohort I (FY 2010), and 37 percent (5,692) more members in Cohort III (FY 2014) than in Cohort II.

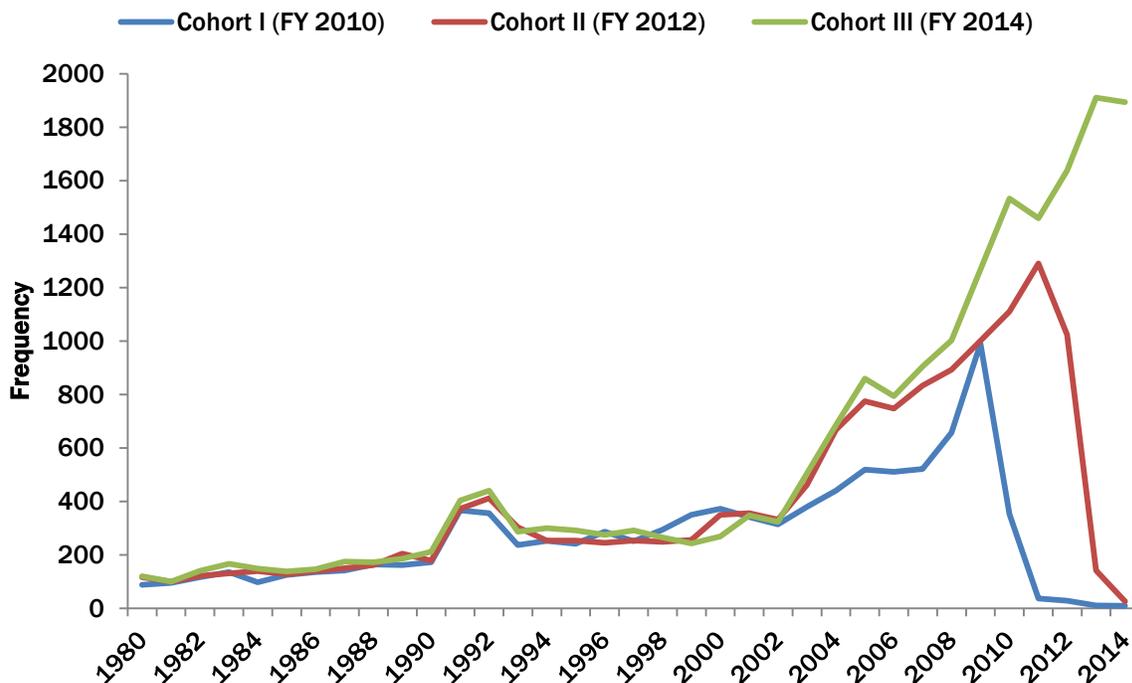
While the exact reason for this increase is difficult to discern, there are several factors that may contribute to this increase over time in the number of Veterans and Servicemembers who apply for and begin a plan of VR&E services.

First, as discussed previously, increases in the number of Veterans eligible for VR&E services are driven, in part, by the increases in military separations and the number of Veterans with a service-connected disability. Second, there has been a marked increase in the number of Veterans with a combined disability rating of 50 percent or more since 2007, which may contribute to the demand for VR&E services. Consistent with these trends, Figure 2C-5 reveals that the increase in the size of the cohorts from FY 2010 to FY 2014 is largely due to higher numbers of recently separated Veterans seeking VR&E services.

The number of Veterans and Servicemembers who began a VR&E rehabilitation plan has substantially increased.

Cohort III (FY 2014) is 95% larger than Cohort I (FY 2010).

Figure 2C-5. Distribution of the Year of Military Separation (from 1980 to 2014) for Cohorts I, II, and III



Furthermore, in addition to the growth of disability claims in recent years, in the past 2 years VBA has increased efforts to reduce the claims backlog. The claims backlog totaling 611,703 on March 25, 2013 is substantially reduced to 84,838 as of March 5, 2016.⁸ The decreased backlog means an increased number of Veterans who are eligible to apply for VR&E benefits.

Fourth, although the U.S. economic and employment climate is improving, the job market remains competitive, which may be encouraging more individuals to seek VR&E benefits. Finally, recent changes in program eligibility and provisions may have attracted more Veterans with service-connected disabilities to the program. For example, Public Law 111-377, signed on January 4, 2011, modified the program so that Veterans eligible for both VR&E training and the Post-9/11 GI Bill could utilize VR&E training benefits while collecting a larger subsistence allowance comparable to that associated with Chapter 33. In addition, recent agency-level initiatives resulting from legislative changes have focused on increased outreach to Veterans and Servicemembers and may have had an impact on the number of Veterans entering into a plan of services with VR&E. The cumulative effect of all of these related factors has likely contributed to the increase in the number of Veterans and Servicemembers who begin a plan of VR&E services.

⁸ http://benefits.va.gov/reports/mmwr_va_claims_backlog.asp

Section 2D: Interpreting Longitudinal Study Findings

This current report presents findings for the VR&E Longitudinal Study as of FY 2015, the sixth year of the 20-year study period. Summary findings for all 3 cohorts are presented in Section 3 of the report. Information on how to interpret the information presented in summary tables and figures is provided in Appendix F. Detailed findings for each cohort are provided separately in Appendices G, H, and I. As of the end of FY 2015, Cohort I members who began their plan of services very early in FY 2010 have been in the VR&E program for at most 6 years, and Cohort II members who began services very early in FY 2012 have been in the program for at most 4 years. Similarly, Cohort III members who began services very early in FY 2014 have been in the program for at most 2 years. At this early point in the study period, we can describe emerging trends related to outcomes. Because the majority of cohort members are still pursuing the objectives outlined in their rehabilitation plans, any conclusions drawn at this point in the 20-year study period are preliminary.

However, emerging trends for those cohort members who have exited the VR&E program thus far, especially so for those who successfully completed their rehabilitation plans, appear to be consistent over time and across cohorts.

Because the majority of cohort members are still persisting in the program, post-program findings are still preliminary at this point in the study.

Program outcomes. The basic period of eligibility in which Veterans can utilize VR&E benefits is 12 years. As Veterans work to complete the objectives of their rehabilitation plans, the proportion of cohort members who exit the program increase over time. Because most VR&E participants pursue the Employment through Long-Term Services track, which usually takes multiple years to complete, the majority of Veterans are still persisting in their programs as of FY 2015. However, a substantial number of cohort members have successfully achieved rehabilitation or discontinued their plan of services at this point in the study. Hence, this current report describes the characteristics of those cohort members who are still persisting and have successfully achieved rehabilitation, as well as those who have discontinued, by the end of FY 2015.

Long-term employment and standard of living outcomes. Although the majority of cohort members are still persisting in the program, a sufficient proportion have achieved rehabilitation or

discontinued as of FY 2015 to analyze outcome data and describe early trends related to employment and income, particularly for Cohort I. Because those cohort members have been in the study for up to 6 years, a larger proportion of Cohort I members, relative to Cohorts II and III, have achieved rehabilitation (or discontinued) and more positive outcomes. However, these post-program findings are still preliminary at this point in the study.

Future reports. As we continue to follow these 3 cohorts over time and as more VR&E participants exit the program, there will be more information on the long-term post-program outcomes and the key programmatic and demographic factors influencing these outcomes. As multiple years of data are collected, it will be possible to examine more salient trends in outcomes. Furthermore, it is reasonable to expect that trends in outcomes across all 3 cohorts will become increasingly similar as the majority of Veterans will have exited their program of service.

As the cohorts mature, it will become increasingly important to track status changes such as returns to the VR&E program after discontinuation, or Veterans re-entering the VR&E program after having achieved rehabilitation in order to examine how entering the VR&E program more than once may influence outcomes. Future reports will also include an analysis of administrative data provided to VA by the Social Security Administration, through the use of a data sharing agreement, which will provide more accurate analysis on the number and percentage of cohort members who receive income from various Social Security programs, such as the Disability Insurance program.

It will become important to track changes such as returns after discontinuation or re-entering the program after having successfully completed the program to examine how entering the program more than once may influence outcomes.

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Section 3:

Current Findings as of FY 2015

Section 3A: Veteran Satisfaction

Section 3B: Select Characteristics of VR&E Participants

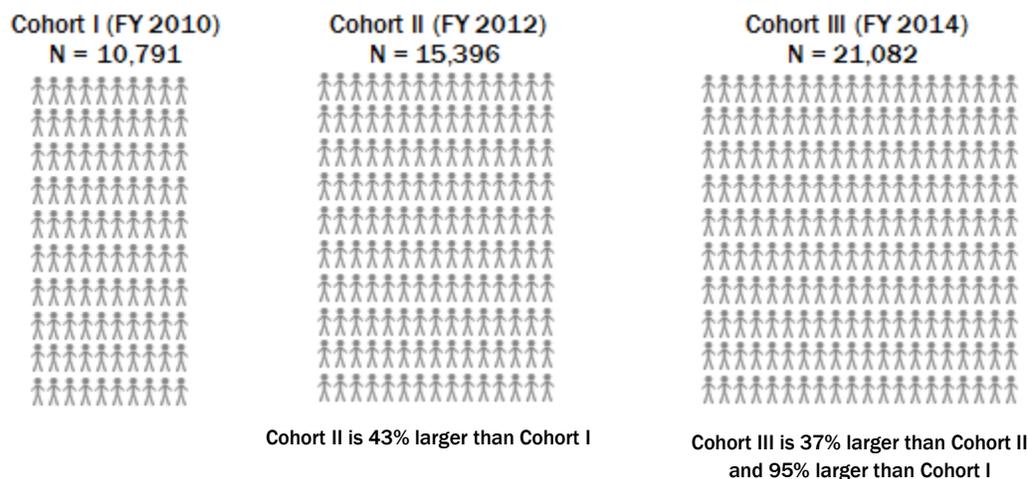
Section 3C: Program Outcomes (Rehabilitation and Discontinuation)

Section 3D: Employment and Standard of Living Outcomes

Section 3E: Cohort Comparisons

Cohort I (FY 2010) includes 10,791 Veterans who began a plan of services within the VR&E program during FY 2010. As shown in Figure 3-1, Cohort II (FY 2012) is nearly double the size of Cohort I and includes 15,396 participants who began their rehabilitation plans during FY 2012. Cohort III (FY 2014) is the largest cohort, with 21,082 VR&E participants who began a plan of services during FY 2014.

Figure 3-1. Comparison of Cohort Size



The exact reason for this observed increase in VR&E program participation cannot be determined. There are several likely contributing factors: 1) Increases in the number of recently separated Veterans and in the number of Veterans with a service-connected disability and 2) VA's recent efforts to reduce the disability claims backlog, therefore increasing the number of potential eligible Veterans entering the program. Recent changes in program eligibility and provisions such as the provision of monthly subsistence allowances (similar to those paid under the Post-9/11 GI Bill) for VR&E program participants (who also qualify for Chapter 33 benefits) may have attracted more Veterans with service-connected disabilities to the program.

As of FY 2015, Cohort I members were tracked in the VR&E Longitudinal Study for up to 6 years, with Cohort II members in the study for up to 4 years. VR&E participants in Cohort III have the shortest tenure being, supporting the study for up to 2 years. This section of the report presents a summary of findings for all 3 cohorts as of FY 2015. Appendix F provides summary information on how to understand and interpret the data presented in the tables and figures. Appendices G, H, and I present more detailed findings for each of the 3 cohorts as of FY 2015.

Section 3A: Veteran Satisfaction

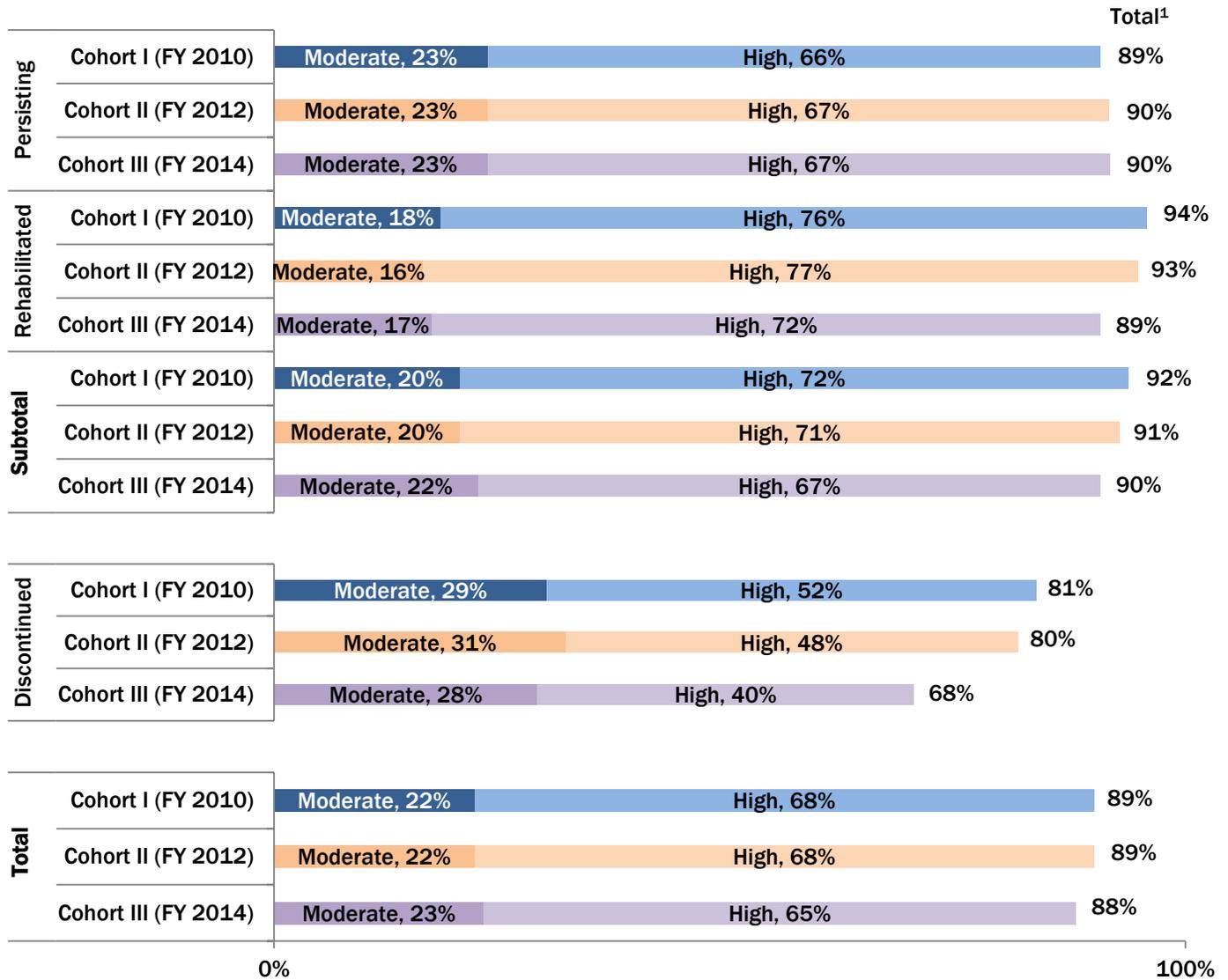
Through the survey, cohort members were asked to rate their overall experience with the VR&E program, using a 1 to 9 scale, with 1 as unacceptable, 5 as average, and 9 as outstanding. Scale scores between 1 and 3 indicate low satisfaction, while scale scores between 7 and 9 indicate high satisfaction. Scale scores near the midpoint of the scale (4 to 6) indicate moderate satisfaction. Figure 3A-1 compares the proportion of VR&E participants, across the 3 cohorts, who reported moderate or high satisfaction with the program as of FY 2015, and separating persisting, rehabilitated, and discontinued cohort members. The survey data is weighted and summed to the cohort population. As shown in the figure, for all 3 cohorts, the vast majority of VR&E participants are satisfied with the program.

For all 3 cohorts, almost 90% of all Veterans report moderate to high satisfaction with the VR&E program.

For all cohorts, about 90 percent or more of cohort members who achieved rehabilitation and who are still persisting reported moderate or high satisfaction with the program as of FY 2015, with the majority reporting high satisfaction. In fact, about three-quarters of Veterans who achieved rehabilitation reported high satisfaction across all 3 cohorts.

A substantial proportion of discontinued cohort members also report being satisfied with the program, particularly for Cohorts I and II. About four-fifths (~80 percent) of discontinued Veterans in Cohorts I and II and two-thirds (68 percent) of discontinued Veterans in Cohort III reported moderate to high satisfaction as of FY 2015. Furthermore, more detailed findings presented in Appendices G, H, and I indicate that the percentage of discontinued participants reporting high levels of satisfaction with the VR&E program have increased over time for all 3 cohorts.

Figure 3A-1. Percentage of VR&E Participants Reporting Moderate or High Overall Satisfaction with the Program by Participation Status as of end of FY 2014, by Cohort



NOTE: Percentages (%) reported in figure are based on survey data that has been weighted up to reflect the cohort population.

¹ Percentages for moderate and high satisfaction may not sum to total percentages due to rounding.

Multivariate regression analysis is used to identify the factors that affect how satisfied Veterans are with the VR&E program. Regression analysis identifies how a given background characteristic affects Veterans’ level of satisfaction with the program, while holding all other background characteristics fixed. For example, female Veterans tend to be younger than male Veterans. When we examine differences in outcomes by gender alone we may be also picking up an age affect as gender and age are correlated. If we include both gender and age in a regression analysis, we can identify the independent effect each of these variables have on their own on the outcome of interest. The detailed results of the regression analyses are presented in Appendix K. Table 3A-1 provides a summary of the results for all 3 cohorts by showing the direction of impact of the variables associated with satisfaction. A blank entry in the table means the variable was not correlated with satisfaction for the respective cohort.

Table 3A-1. Factors that Contribute to Overall Program Satisfaction as of end of FY 2015

Explanatory Variable	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Rehabilitated (compared to persisting)	+	+	+
Discontinued (compared to persisting)	-	-	-
Employment through Long-Term Services track (compared to Independent Living)	+	+	
Other employment tracks (compared to Independent Living)			-
Male	-		
Age			+
Some college or higher at program entry	-		
Pre-rehabilitation salary	+		

Primary mental health diagnosis	-		
Served in Gulf War II era			+
Receiving subsistence allowance for a degree program	+	+	+

NOTE: The effects are based on a linear regression estimation where the dependent variable is a continuous variable based on a 9-point scale where 1 is unacceptable, 5 is average, and 9 is outstanding.

Several factors emerge as correlating with satisfaction. Specifically, program participation status (persisting, rehabilitated, and discontinued) and the receipt of a subsistence allowance (for participating in a training program) are the two most important factors affecting program satisfaction. Not surprisingly, Veterans who successfully completed the program by the end of FY 2015 were more satisfied than those who were still persisting. On the other hand, discontinuation to date correlates with decreased satisfaction with the program. For all 3 cohorts, receiving a subsistence allowance while completing a college degree program is associated with higher program satisfaction.

Section 3B: Select Characteristics of VR&E Participants

In this section we assess select characteristics of cohort members, including those mandated by Congress, and explore how these characteristics relate to cohort members’ program participation status as of FY 2015. Table 3B-1 lists the select participant characteristics examined. Descriptive examination of demographic and other background characteristics of participants can provide insight as to if and how these characteristics influence long-term post program outcomes over time.

Table 3B- 1. Select Characteristics of VR&E Participants

Characteristic	Description of Variables
Demographics	Serious employment handicap
	Gender
	Age at program entry
	Level of education at program entry
	Era of service
	Length of active duty military service
	Combined disability rating
	Number of dependents
Training selection	Program track
Receipt of other benefits	Visits to a VA medical facility during the past 12 months
	Visits to a non-VA medical facility during the past 12 months
	Receipt of other VA benefits (i.e., VA-insured life insurance and mortgage loans)
Receipt of education	Enrollment in an institution of higher learning during the past 12 months

or training	Number of credits completed during the past 12 months
	Attainment of a degree or certificate during the past 12 months

While VBA administrative data allows us to examine certain background characteristics for the entire cohort population, survey data provides additional information for a sample of the cohort that is not otherwise available. The survey data have been weighted to reflect the cohort population.

Demographics

Table 3B-2 provides a snapshot of select demographic characteristics of the quarters of cohort members have a serious employment handicap, which is population.⁹ Determination of a serious employment handicap indicates prepare for, obtain, or retain employment consistent with his or her

Approximately three-quarters of cohort members have a serious employment handicap.

cohorts, as of the end of FY 2015. About three-quarters consistent with the proportion in the overall VR&E population. About three-quarters significant impairment in a Veteran’s ability to perform, obtain, or retain employment consistent with his or her abilities, aptitudes, and interests.

Table 3B-2. Demographic Characteristics of VR&E Participants by Cohort

Demographic Characteristic	Cohort I (FY 2010)		Cohort II (FY 2012)		Cohort III (FY 2014)	
	#	%	#	%	#	%
Serious Employment Handicap						
Yes	8,086	75%	11,766	76%	15,352	73%
No	2,700	25%	3,625	24%	5,728	27%
Gender						
Male	9,004	83%	12,573	82%	16,851	80%
Female	1,787	17%	2,823	18%	4,231	20%
Age at Program Entry						
Less than 30	1,595	15%	2,679	17%	3,875	18%

⁹ SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2015.

Demographic Characteristic	Cohort I (FY 2010)		Cohort II (FY 2012)		Cohort III (FY 2014)	
	#	%	#	%	#	%
30 - 44	4,505	42%	6,722	44%	9,847	47%
45 - 54	2,909	27%	3,769	24%	4,844	23%
55 and above	1,783	17%	2,226	14%	2,516	12%
Total						
Total	10,791	100%	15,396	100%	21,082	100%

NOTE: Frequencies (#) and percentages (%) reported in table are based on VBA administrative data available for the cohort population.

About one-fifth of cohort members are women, with more women represented in the cohorts over time from 2010 to 2014. The percentage of female Veterans in the VR&E cohorts ranges from 17 to 20 percent and is greater than their percentage of Veterans overall (9 percent¹⁰). This finding reflects the fact that more younger Veterans are women. As of 2015, women represented about 18 percent of the Gulf War II era Veterans¹¹.

Overall, cohort members tend to be younger, with the majority being less than 45 years old when they begin their VR&E rehabilitation plans. When comparing age at program entry across cohorts, Table 3B-2 indicates that, over time, the average age of VR&E participants has decreased, from 57 percent of Cohort I members being less than 45 years old to 65 percent in Cohort III. In addition, all 3 cohorts are also relatively younger than the overall VR&E population with 56 percent being less than 45 years old in FY 2015.¹²

In addition to comparing age and gender across cohorts, Figure 3B-1 presents trends for two other select demographic characteristics at program entry – level of education and era of service. As the figure indicates, over time, Veterans are reporting higher levels of prior education at program entry, while the percentage of female VR&E participants is increasing. Similarly, the percentage of participants who have served in the Gulf War II era is also increasing for more recent cohorts. The majority of cohort members are from the Gulf War era, with most being from the second Gulf War era. Among more recent cohorts, the proportion who served during the Gulf War I era is decreasing while the proportion who served during the Gulf War II era is increasing. As shown in Table 3B-3, more recent cohorts have a higher percentage of Veterans with a primary diagnosis of post-traumatic stress disorder (PTSD), as of FY 2015.

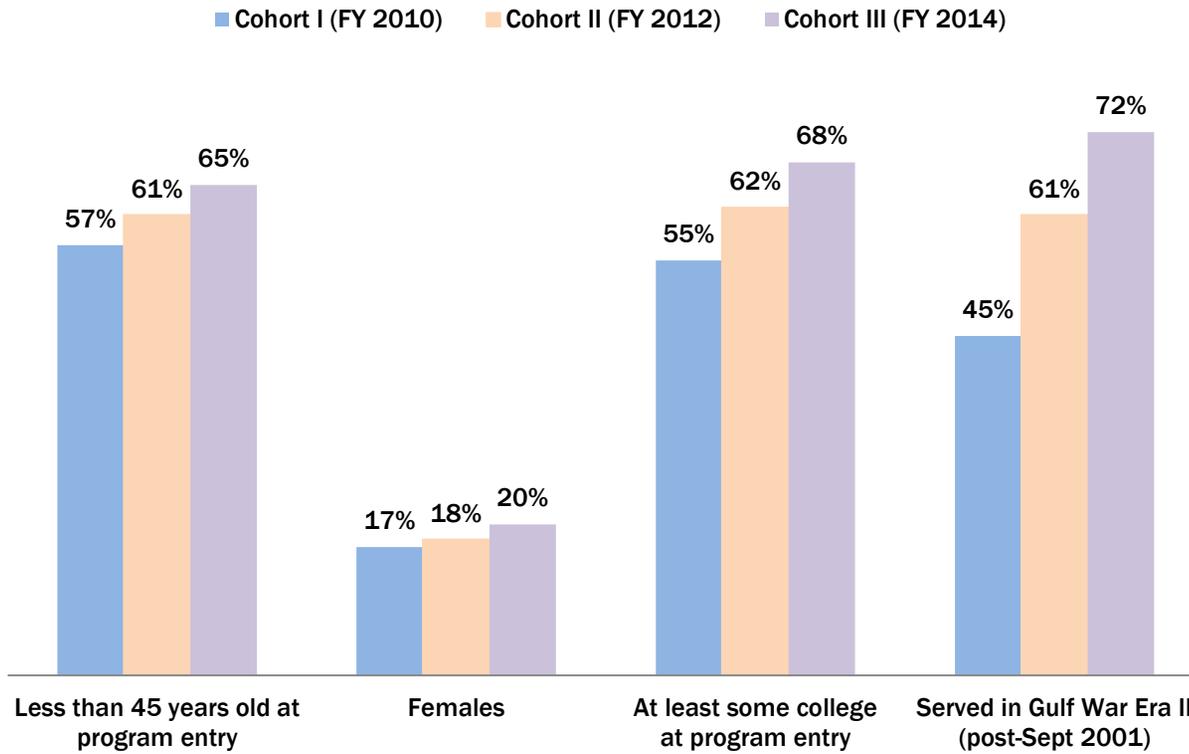
Over time, the average age of VR&E participants at program entry has decreased. More participants are reporting higher levels of prior education at program entry. More recent cohorts also have a larger proportion of female Veterans and Veterans who served during the Gulf War II era.

¹⁰Office of the Actuary, Veteran Population Projections Model (VetPop2014), Table IL

¹¹ Based on 2015 Bureau of Labor Statistics data available at <http://www.bls.gov/news.release/pdf/psd.pdf>

¹² SOURCE: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2015.

Figure 3B-1. Key Demographic Trends of VR&E Participants at Program Entry



NOTE: Percentages (%) reported in figure are based on VBA administrative data available for the cohort population.

Table 3B-3. Percentage of VR&E Participants with a Primary Diagnosis of Post-Traumatic Stress Disorder as of end of FY 2015

Cohort	Percentage
Cohort I (FY 2010)	25%
Cohort II (FY 2012)	30%
Cohort III (FY 2014)	31%

As shown in Table 3B-3, a substantially larger proportion of VR&E participants have a primary diagnosis of PTSD than the proportion for overall Gulf War I and Gulf War II era Veterans.¹³ In addition, the proportion among cohort members has increased over time, with one-quarter of Cohort I (FY 2010) participants having a PTSD primary diagnosis compared to almost one-third of Cohort III (FY 2014) participants.

¹³ NIH Medline Plus. (2009.) *PTSD: A Growing Epidemic*. 4 (1): 10-14. Available at: <http://www.nlm.nih.gov/medlineplus/magazine/issues/winter09/articles/winter09pg10-14.html>

The legislation that required this study mandated information on specific background characteristics of VR&E participants. Summary statistics on these mandated variables are provided in Table 3B-4 for each cohort, by participation status. Examination of the table reveals that VR&E participants in more recent cohorts have served on active duty longer. Additionally, for rehabilitation have served more months on active duty, relative to

Relative to persisting and discontinued participants, participants who achieved Rehabilitation have served more months on active duty.

all 3 cohorts, participants who have achieved persisting and discontinued participants.

The table also reflects the average combined disability rating for each VR&E participants have a combined disability rating of 60 percent. participants have a higher combined disability rating than persisting rehabilitation.

cohort. The findings indicate that, on average, The table also reveals that, on average, discontinued participants, or than those who achieved

Comparison of the distribution for combined disability participants have a higher combined disability rating than disability. On average, about three-fifths of cohort Cohort II, and 61 percent for Cohort III, not shown) more. Among the broader Veteran population with a disability rating of 60 percent or higher in the August Survey.¹⁴

On average, VR&E participants have a combined disability rating of about 60%.

Comparison of combined disability ratings for cohort members with that of overall Veterans with a service-connected disability reveals that VR&E participants have a higher combined disability rating than the average Veteran with a service-connected disability.

rating for each cohort reveals that VR&E the average Veteran with a service-connected members (58 percent for Cohort I, 61 percent for have a combined disability rating of 60 percent or service-connected disability, 37 percent reported a 2015 Bureau of Labor Statistics Current Population

The legislation also requires the study to report the participants. Cohort members report an average of 2

average number of dependents for VR&E dependents.

¹⁴ Based on 2015 Bureau of Labor Statistics data available at <http://www.bls.gov/news.release/pdf/vet.pdf>

Table 3B-4. Mandated Characteristics of VR&E Participants by Participation Status as of end of FY 2015, by Cohort

Characteristic	Cohort I (FY 2010)					Cohort II (FY 2012)					Cohort III (FY 2014)				
	Persisting	Rehabilitated	Subtotal	Discontinued	Total	Persisting	Rehabilitated	Subtotal	Discontinued	Total	Persisting	Rehabilitated	Subtotal	Discontinued	Total
Demographic Characteristics															
Average Number of Months Served on Active Duty ¹	69.5	84.7	77.3	70.2	74.8	76.2	86.8	79.6	68.2	77.0	78.9	87.8	79.8	71.5	78.9
Average Combined Disability Rating ¹	58%	59%	59%	63%	60%	61%	61%	61%	64%	62%	61%	62%	61%	66%	62%
Average Number of Dependents ²	1.9	1.8	1.9	1.6	1.8	1.9	1.7	1.9	1.7	1.8	1.9	1.6	1.8	1.5	1.8

¹ Averages reported in table are based on VBA administrative data available for the cohort population.
² Averages reported in table are based on survey data that has been weighted up to reflect the cohort population.

Training Selection

Table 3B-5 provides a snapshot of each cohort by their program track selection as of the end of FY 2015. The table shows that the vast majority of participants – 83 percent for Cohort I, 88 percent for Cohort II, and 93 percent for Cohort III – are in the Employment through Long-Term Services track (Track 4).

Keeping in mind the length of time that has passed since each cohort began the VR&E program, it is important to note that track selection is one of a few characteristics that can change

over time. Not surprisingly, we find a small proportion of cohort members have changed tracks since entering the VR&E program. However, if the Servicemember or Veteran experiences disability related issues which requires a possible track change in many or most cases, the counselor will discuss this with the VR&E participant.

Given that most Veterans in the VR&E program require significant support, services and training to obtain a suitable job, it is not surprising to find that, for all 3 cohorts, the majority of participants pursue the Employment through Long-Term

Table 3B-5. Track Selection of VR&E Participants by Cohort as of end of FY 2015

Track Selection	Cohort I (FY 2010)		Cohort II (FY 2012)		Cohort III (FY 2014)	
	#	%	#	%	#	%
Track 1 Re-Employment	60	1%	91	1%	74	0%
Track 2 Rapid Access to Employment	836	8%	963	7%	892	5%
Track 3 Self-Employment	32	0%	36	0%	39	0%
Track 4 Employment through Long-Term Services	8,463	83%	12,788	88%	18,403	93%
Track 5 Independent Living	794	8%	665	5%	398	2%
Subtotal	10,185	100%	14,543	100%	19,806	100%
Extended Evaluation	606	–	852	–	1,276	–
Data Unavailable	0	–	1	–	0	–
Total	10,791	–	15,396	–	21,082	–

NOTE: Frequencies (#) and percentages (%) reported in table are based on VBA administrative data available for the cohort population.

The Employment through Long-Term Services track provides services that include career counseling, case management, employment planning, training, education, VHA-sponsored medical or dental care, job-placement assistance, and other supportive services. Given that most Veterans in the VR&E program require significant support services, and training to obtain a suitable job, it is not surprising that the Employment through Long-Term Services track is the largest.

The second most common track is Track 2 – Rapid Access to Employment. The Rapid Access to Employment track assists Veterans with disabilities that already have the skills to be competitive in the job market and desire immediate employment. Given the nature of this track and the fact that many Veterans seeking services from VR&E require significant support and services, including additional training and education, it follows that a small proportion – less than 10 percent – of cohort members pursue this track. However, for those that do pursue this track, it is expected that the majority achieve rehabilitation much earlier than Veterans in the Employment through Long-Term Services group.

Less than 10% of cohort members pursue Rapid Access to Employment (Track 2).

A small proportion of cohort members (< 10%) are in an Independent Living program.

A small proportion of cohort members are in an Independent Living program (Track 5). The goal of the Independent Living program is to assist Veterans with disabilities to live as independently as possible in their families and communities, as well as increase their potential to return to work. For some Veterans pursuing a program, a subsequent goal may be to find employment through one of the 4 VR&E employment tracks, once they have successfully completed their Independent Living program. However, for most participants in Track 5, especially so for those with the most serious impairments, the ultimate goal is to live as independently as possible.

Receipt of Other Benefits

Two additional background characteristics the Congressional legislation requires to be measured are the number of medical visits VR&E participants make on average during the year – the average number of visits made to VA medical facilities during the year and the average number of visits made to non-VA medical facilities during the year. Many Veterans utilize the health care benefits offered by the Veterans Health Administration (VHA), which manages the largest health care system

in the country.¹⁵ Table 3B-6 reveals that, on average, cohort members visited a VA medical facility twice as often as they visited a non-VA medical facility, averaging 13 visits to a VA medical facility during the past 12 months versus only 6 visits to a non-VA medical facility during the same time frame. Relative to the first 2 cohorts, Cohort III (FY 2014) reported a higher number of average visits to both VA and non-VA medical facilities in the past 12 months. Examination of these data by participation status also reveals that discontinued participants report a higher number of average visits to a VA medical facility than persisting participants or participants who have achieved rehabilitation across all 3 cohorts.

With an average of 13 visits a year, cohort members appear to use VA-provided health care services more frequently than the overall Veteran population, which is likely correlated to the fact that they have a service-connected disability. For the Veteran population overall, a total of 9.1 million enrollees made a total of 92.4 million outpatient visits to VHA-managed facilities in FY 2014, yielding an average of about 10.2 visits for the year.¹⁶

On average, VR&E participants use VA-provided health care services more frequently than the overall Veteran population.

The authorizing legislation for this study asks for information on the types of other VA benefits received by cohort members. Using administrative data collected by VA, Table 3B-6 reports the number and percentage of cohort members who have life insurance through VA and have VA-insured mortgage loans. The table shows that, for all 3 cohorts, less than 10 percent of participants have VA life insurance policies as of FY 2015. The table also indicates that a higher proportion of rehabilitated VR&E participants have mortgage loans that are insured by VA, compared to persisting or discontinued VR&E participants.

A higher proportion of cohort members who have achieved rehabilitation have mortgage loans that are insured by VA, relative to persisting and discontinued cohort members.

¹⁵ <http://www1.va.gov/health/aboutVHA.asp>

¹⁶ Based on data prepared by the National Center for Veterans Analysis and Statistics available at http://www1.va.gov/vetdata/docs/Utilization/VHASTats_2014.xlsx

Table 3B-6. Receipt of Other Benefits by Participation Status as of end of FY 2015, by Cohort

Characteristic	Cohort I (FY 2010)					Cohort II (FY 2012)					Cohort III (FY 2014)				
	Persisting	Rehabilitated	Subtotal	Discontinued	Total	Persisting	Rehabilitated	Subtotal	Discontinued	Total	Persisting	Rehabilitated	Subtotal	Discontinued	Total
Receipt of Other Benefits															
Average Visits to VA Medical Facility ¹	13.2	11.5	12.2	14.8	12.8	13.0	10.6	12.2	17.3	12.9	12.6	12.8	12.6	16.6	12.9
Average Visits to non-VA Medical Facility ¹	6.1	6.6	6.4	6.6	6.5	5.2	5.2	5.2	7.9	5.6	6.1	5.1	6.0	6.8	6.0
Have VA Life Insurance ²	8%	9%	9%	9%	9%	7%	8%	7%	8%	7%	7%	8%	7%	9%	7%
Have VA Home Loan ²	5%	9%	7%	6%	7%	6%	11%	8%	5%	7%	6%	11%	7%	5%	7%

¹ Averages reported in table are based on survey data that has been weighted up to reflect the cohort population.

² Percentages (%) reported in table are based on VBA administrative data available for the cohort population.

Receipt of Education and Training

Table 3B-7 provides information on the educational pursuits and achievements of cohort members since beginning their rehabilitation plans. For all 3 cohorts, a larger percentage of persisting participants are enrolled in an institution of higher learning (IHL) at some point during the past 12 months, relative to participants who have achieved rehabilitation or discontinued from the program. This finding is not surprising given the fact that the majority of VR&E participants are in the Employment through Long-Term Services track, which is the track pursued when long-term training or education is needed. A subsistence allowance is paid each month when pursuing a training or education program and is based in part by the rate of attendance (e.g., full-time or part-time). In 2011, in accordance with Public Law 111-377, VR&E increased the amount of the subsistence allowance to be similar to the monthly allowance paid under the Post-9/11 GI Bill only for Veterans eligible for Chapter 33 benefits. Further examination of Table 3B-7 indicates that of those cohort members who were enrolled in an IHL at some point during FY 2015, a larger proportion of more recent participants reported completing more than 20 academic credits in the past year, which likely means these cohort members were in school for at least 2 semesters during the year and attending on a full-time basis.

Table 3B-7 also reports the proportion of cohort members who obtained a degree or certificate during the past 12 months. Relative to Cohorts II and III, a smaller percentage of Cohort I reported that they obtained a degree or certificate over the past 12 months. However, this finding is not surprising given that Cohort I members have been receiving VR&E services for up to 6 years and have had a longer period of time to complete training pursued through the Employment through Long-Term Services track. The table also reveals that, for all 3 cohorts, fewer discontinued participants have obtained a degree or certificate as of FY 2015, relative to persisting or rehabilitated participants.

Table 3B-7. Education or Training Characteristics of VR&E Participants by Participation Status as of end of FY 2015, by Cohort

Characteristic	Cohort I (FY 2010)					Cohort II (FY 2012)					Cohort III (FY 2014)				
	Persisting	Rehabilitated	Subtotal	Discontinued	Total	Persisting	Rehabilitated	Subtotal	Discontinued	Total	Persisting	Rehabilitated	Subtotal	Discontinued	Total
Receipt of Education or Training (in past 12 months)															
Enrolled in Institution of Higher Learning ¹	55%	17%	33%	10%	28%	74%	18%	54%	16%	49%	87%	34%	81%	32%	78%
Completed More than 20 Credit Hours ²	45%	35%	42%	28%	41%	57%	40%	55%	36%	54%	64%	45%	63%	35%	62%
Obtained Degree	18%	7%	12%	3%	10%	28%	11%	22%	3%	19%	20%	20%	20%	2%	19%
Obtained Certificates	10%	12%	11%	5%	10%	11%	14%	12%	8%	12%	11%	22%	12%	8%	12%

NOTE: Percentages (%) reported in table are based on survey data that has been weighted up to reflect the cohort population.

¹ Enrollment is defined as being enrolled within the last 12 months.

² The reported percentage is out of those enrolled in an institution of higher learning.

Section 3C: Program Outcomes (Rehabilitation and Discontinuation)

For each cohort, some cohort members are continuing to pursue the objectives outlined in their rehabilitation plans. Some members have successfully achieved rehabilitation, while other members have discontinued their rehabilitation plans.

Descriptive Trends

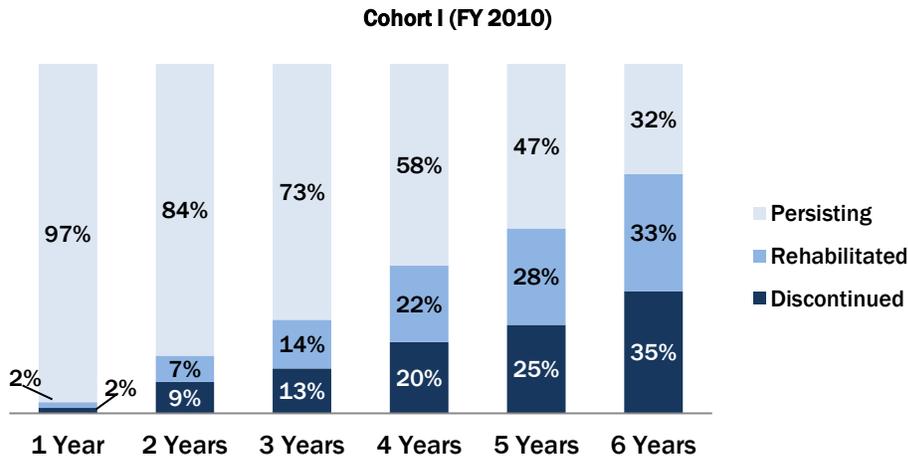
As Veterans work to complete the objectives of their rehabilitation plans, it is expected that a larger share of cohort members will successfully achieve rehabilitation over time. However, the basic period of eligibility in which Veterans can utilize VR&E services is 12 years from their initial rating decision. For each cohort, Figure 3C-1 presents by year the percentage of cohort members who are persisting in their plans, have successfully achieved rehabilitation, or discontinued services. Because cohort members can reapply for VR&E benefits after exiting the program throughout their period of eligibility, the annual percentages displayed in the figure were calculated using the program participation status (i.e., rehabilitated, discontinued, and persisting) as of the end of each fiscal year.

As Figure 3C-1 reveals, the number of rehabilitations and discontinuations have increased over time. Only 2 percent of Cohort I (FY 2010) achieved rehabilitation within 1 year, however that percentage steadily increased to 33 percent within 6 years. The proportion of Cohort I members still persisting in their plans has declined over time, from 97 percent during the first year of participation to only one-third (32 percent) of the cohort within 6 years of beginning their plans. This steady decrease in the number of persisting participants is due to increases over time in not only rehabilitations, but discontinuations as well. Discontinuations increased from 2 percent to 35 percent over the same 6-year time period. VR&E implemented new program performance measures on July 1, 2015 that place a greater focus on Veteran outcomes and their accomplishments. In support of the national key measures of class success and persistence rates, employee performance standards were reviewed to

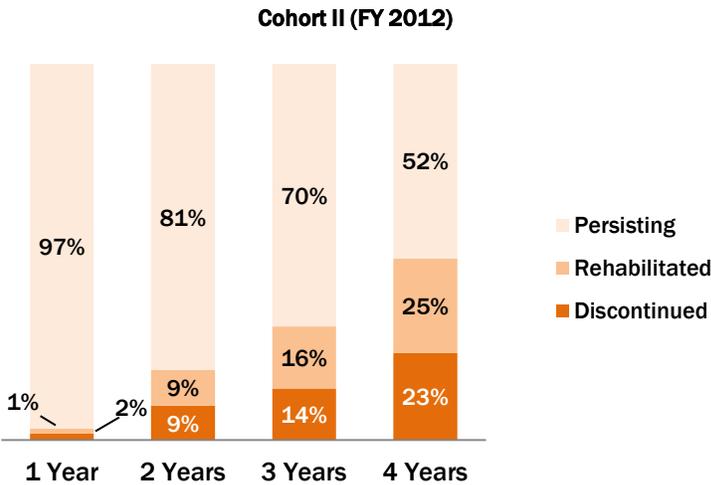
Less than 10% of VR&E participants successfully rehabilitate within 2 years of beginning the program; however this proportion continues to grow substantially over time. About one-quarter of participants successfully rehabilitate within 4 years of beginning the program, and one-third achieve rehabilitation within 6 years.

ensure they support the new program metrics.

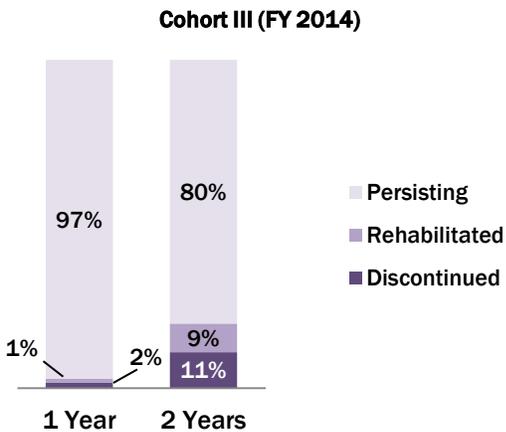
Figure 3C-1. Cumulative Percentage of VR&E Participants who have Rehabilitated, Discontinued, or are Still Persisting by Cohort as of each Study Year



Within 6 years of beginning the VR&E program, one-third of Cohort I members have achieved rehabilitation, and one-third are still persisting in their rehabilitation program.



Within 4 years of beginning the VR&E program, one-quarter of Cohort II members have achieved rehabilitation, and half are still persisting in the steps of their rehabilitation plans.



The majority of Cohort II members are still persisting in the VR&E program within 2 years of beginning services.

NOTE: Percentages (%) reported in the figure are based on VBA administrative data available for the cohort population. Percentages may not sum to 100% due to rounding

A similar trend of increasing rehabilitations and discontinuations over time is observed for Cohort II (FY 2012). The proportion of Cohort II members pursuing the objectives of their rehabilitation plans has decreased from 97 percent during year 1 to about half of the cohort by the end of year 4, while the percentage of Cohort II members who have successfully achieved rehabilitation increased from 1 percent to 25 percent over the same 4-year period. Similar to the increase observed among those who have achieved rehabilitation, the proportion of Cohort II members who discontinued also increased from 2 percent in year 1 to 23 percent in year 4.

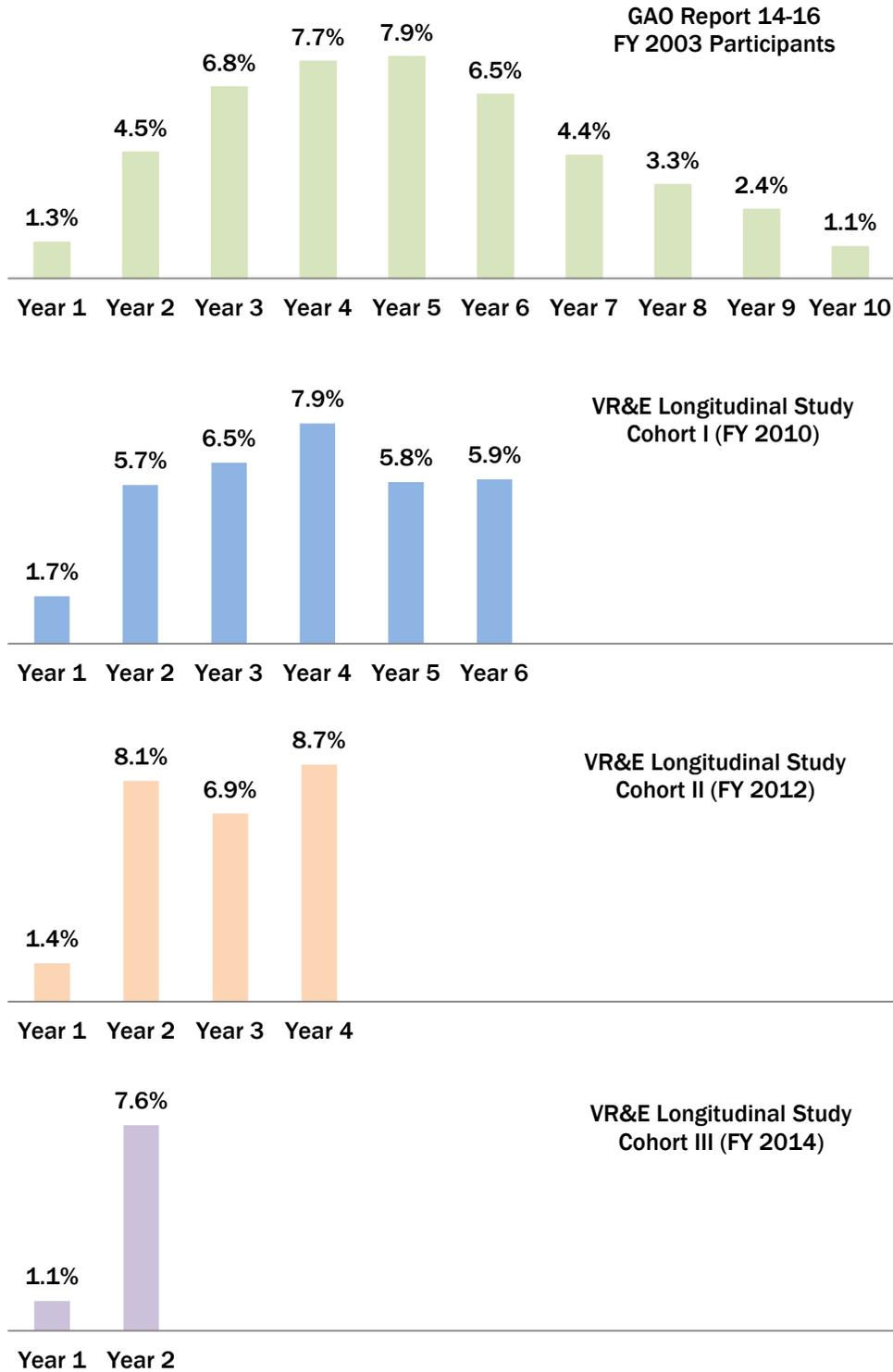
Veterans in all 3 cohorts exit the VR&E program at similar rates over time.

Further examination of Figure 3C-1 reveals similar rates of change over time across the cohort groups. For all 3 cohorts, with 97 percent of cohort members still persisting in their plans within the first year of receiving services, only a very small percentage exited the program within the first year. However, the percentage exiting the program grew to almost 20 percent of the cohorts by the end of year 2, with about 7 to 9 percent rehabilitating and 9 to 11 percent discontinuing, for all 3 cohorts. The rehabilitation and discontinuation outcomes experienced by Cohort I and Cohort II members in years 3 and 4 indicates that almost three-quarters of cohort members are still pursuing their rehabilitation plans within the first 3 years since beginning the VR&E program, but this proportion decreases to slightly more than half of the cohort within 4 years. By year 4, about one-quarter of participants have achieved rehabilitation and another 20 percent or so have exited the VR&E program due to a discontinuation of services.

The experience of Cohort I, as illustrated in Figure 3C-1, indicates that it takes between 4 and 5 years for half of the cohort to exit the VR&E program, and that within 6 years of program entry about one-third of participants are still persisting in the program. A recent study conducted by the U.S. Government Accountability Office (GAO) of the VR&E program revealed that, on average, it took Veterans who began an employment plan of services in 2003 4 years and 7 months to successfully rehabilitate.¹⁷ The GAO study further reported that while almost half of those who have successfully achieved rehabilitation did so within 3 to 5 years of applying for services, about one-third (37 percent) of those who achieve rehabilitation took 6 to 10 years. As indicated in Figure 3C-2, current findings from the 3 cohorts closely parallel the GAO findings.

¹⁷ <http://www.gao.gov/assets/670/660160.pdf>

Figure 3C-2. Annual Percentage of VR&E Longitudinal Study Participants and GAO 14-61 Study Participants who Achieved Rehabilitation within 5 Years of Program Start



SOURCE: <http://www.gao.gov/assets/670/660160.pdf>

Factors that Contribute to Rehabilitation

Multivariate regression analysis is also used to identify the factors that affect program outcomes of rehabilitation and discontinuation. The detailed results of the regression analyses are presented in Appendix K. Summary results listing the significant factors that contribute to achieving rehabilitation and the time to rehabilitation are presented in Table 3C-1. For these findings, it is important to note that the regression analyses examined factors associated with successful rehabilitation within the first 6, 4, and 2 years for the respective cohorts after beginning a VR&E plan of services. Therefore, the results identify factors related to early rehabilitation, and may not be representative of the full range of factors associated with successful rehabilitation during the full 12-year eligibility period in which Veterans can utilize VR&E services.

As indicated in Table 3C-1, several factors emerge as being associated with rehabilitation by the end of FY 2015 across all 3 cohorts. Veterans in one of the employment tracks are less likely to successfully rehabilitate by the end of FY 2015, which is likely due to the length of time needed for Veterans to complete the training necessary to begin a new career. Other factors that decrease the probability of successful rehabilitation include having a serious employment handicap and having a higher disability rating, which indicates that Veterans with more complex disabilities, multiple disabilities, or more significant barriers to employment are not reaching rehabilitation as quickly as those Veterans with fewer barriers. Also associated with not having achieved rehabilitation by the end of FY 2015 is the receipt of a subsistence allowance, which may indicate that the Veterans who have not rehabilitated are still engaged in the program. In contrast, having at least some college education at program entry, a higher pre-rehabilitation salary, serving a greater number of months on active duty, and having served in the Gulf War II era are associated with an increased likelihood of successful completion of the VR&E program by the end of FY 2015.

Program track selection is the most dominant factor associated with achieving rehabilitation, as well as the time required to rehabilitate. Veterans are more likely to achieve rehabilitation if they are in an Independent Living plan (compared to an employment plan). This result is consistent with expectations as most Veterans pursuing an employment plan are completing education and training that take multiple years. Also, the target timeframe for the Independent Living track is generally 2 years

In identifying factors associated with the timing of rehabilitation, the results suggest that the same factors associated with successful rehabilitation are also strong drivers of the amount of time it takes to achieve rehabilitation (second panel of Table 3C-1). As expected, Veterans take longer to achieve rehabilitation if they are in the Employment through Long-Term Services track or one of the other employment tracks (Re-employment, Rapid Access to Employment, or Self-employment), compared to an Independent Living plan. Most Veterans pursuing an employment plan are completing education and training that take multiple years. Also, the target timeframe for the Independent Living track is generally 2 years.

Table 3C-1. Factors that Contribute to Achieving Rehabilitation and Time to Rehabilitation as of end of FY 2015

Explanatory Variable	Achieving Rehabilitation ¹			Time to Rehabilitation ²		
	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Employment through Long-Term Services track (compared to Independent Living)	-	-	-	+	+	+
Other employment tracks (compared to Independent Living)	-	-	-	+	+	+
Serious employment handicap (SEH)	-	-	-	+	+	+
Disability rating	-	-	-	+	+	+
Receiving subsistence allowance for participation in a training program	-	-	-	+	+	+
Some college or higher at program entry	+	+	+	-	-	-
Pre-rehabilitation salary	+	+	+	-	-	-
Primary mental health diagnosis		+	+			
Length of military service	+	+	+	-	-	-
Served in Gulf War I era	+			-		
Served in Gulf War II era	+	+	+	-	-	-
Officer status	+	+		-	-	-

¹ The effects are based on a logistic regression estimation for cohort members who have *not* discontinued, where the dependent variable is a dichotomous variable where 1 indicates rehabilitation and 0 indicates persisting program participation.

² The effects are based on a survival regression estimation where the dependent variable is number of days between the date of cohort entry and the date of rehabilitation (cohort members are removed from the risk set once they discontinue).

In addition, having a serious employment handicap, having a higher disability rating, and receiving a subsistence allowance for participating in a training program are associated with relatively later rehabilitation. In contrast, having at least some college education at program entry, a higher pre-rehabilitation salary, serving a greater number of months on active duty, and serving in the Gulf War II era are associated with rehabilitating sooner. Additionally, being an officer is linked with rehabilitating sooner for all 3 cohorts.

Factors that Contribute to Discontinuation

Table 3C-2 summarizes the significant factors that contribute to discontinuation. Generally, factors that are associated with successful rehabilitation are also related to discontinuation by the end of FY 2015, but the effect is in the opposite direction. The factors that result in Veterans being placed in an Extended Evaluation are highly correlated with their discontinuation from the program, compared to Veterans placed in a program track. It is not surprising that Veterans who required Extended Evaluation services designed to determine whether achievement of a vocational goal is feasible were the most likely to discontinue their rehabilitation plans. Extended Evaluations are utilized by Veterans whose disabilities and circumstances create the most significant employment handicaps and as such are strongly correlated with voluntarily ending the program without reaching employment goals (i.e., discontinuation).

For all 3 cohorts, discontinuation is also associated with the choice of program track. Among Veterans pursuing a program track, those in the Employment through Long-Term Services track and those in one of the 3 other employment tracks (Re-Employment, Rapid Access to Employment, and Self-Employment tracks) are more likely to discontinue their plans than those in the Independent Living track. Having a higher combined disability rating is also associated with an increased probability of discontinuation.

In general, the factors that are associated with achieving rehabilitation are also linked to discontinuation, but the effect is in the opposite direction.

Veterans who are in an Extended Evaluation are more likely to discontinue than those pursuing a rehabilitation plan of services. The factors that place Veterans in an Extended Evaluation (e.g., long history of inability to retain and maintain employment, chronic pain, severe PTSD and other conditions) seem to be highly correlated with their discontinuation from the program.

Several other factors affect the probability of discontinuation for all 3 cohorts, albeit to a lesser extent. Factors that decrease the likelihood of discontinuation include receiving a subsistence allowance for participating in a training program, having at least some college education at program entry, having served a greater number of months on active duty, and serving in the Gulf War I era.

Table 3C-2. Factors that Contribute to Discontinuation as of end of FY 2015

Explanatory Variable	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Factors that result in placement in an Extended Evaluation (compared to being placed in a program track)	+	+	+
Employment through Long-Term Services track (compared to Independent Living)	+	+	+
Other employment tracks (compared to Independent Living)	+	+	+
Serious employment handicap (SEH)			+
Male	+	+	
Age	+	+	
Disability rating	+	+	+
Receiving subsistence allowance for participating in a training program	-	-	-
Some college or higher at program entry	-	-	-
Pre-rehabilitation salary	-		
Primary mental health diagnosis			+
Length of military service	-	-	-
Served in Gulf War I era	-	-	-
Served in Gulf War II era		-	-
Officer status	-		

NOTE: The effects are based on a logistic regression estimation where the dependent variable is a dichotomous variable where 1 indicates discontinuation and 0 indicates persisting program participation.

Section 3D: Employment and Standard of Living Outcomes

In this section we present descriptive information about the employment and standard of living outcomes experienced by cohort members. Because only a limited amount of information on post-program outcomes is available through VBA administrative files, the main source of data used to measure outcomes is the survey.

The primary objective of the longitudinal study of the VR&E program is to determine the long-term post-program outcomes associated with Veterans who establish a plan of services. Because the main focus of the longitudinal study is on long-term outcomes experienced by VR&E participants after exiting the program, the discussion primarily concentrates on the outcomes experienced thus far by cohort members who have achieved rehabilitation or who have been discontinued from the program.

Table 3D-1 presents summary statistics for employment and standard of living outcomes of interest for all 3 cohorts. When interpreting the findings presented in the table, it is important to note that data across cohorts are not comparable given the 3 cohorts began a rehabilitation plan at different points in time. Hence, a larger proportion of cohort members from Cohorts I and II have exited the program compared to Cohort III. As such, one would expect employment and standard of living outcomes to be better for earlier cohorts versus newer cohorts. The data presented in Table 3D-1 does in fact confirm that cohort outcomes improve over time. Cohort I has had more time participating in the VR&E program to complete training and enhance their economic opportunities, relative to Cohorts II and III, and similarly Cohort II has had more time than Cohort III. Hence, it is not surprising that Cohort I reports higher employment rates, annual earnings, annual income amounts, and home ownership rates than Cohorts II and III, and that Cohort II has better outcomes than Cohort III.

Employment and Standard of Living Outcomes

- Current and past year employment rate
- Annual earnings
- Annual individual and household income
- Unemployment compensation rate
- Home ownership rate

Employment and standard of living outcomes among cohorts improve over time as VR&E participants have more time to complete training and enhance their economic opportunities.

Table 3D-1. Outcome Measures by Participation Status as of end of FY 2015, by Cohort

Outcome Measure	Cohort I (FY 2010)					Cohort II (FY 2012)					Cohort III (FY 2014)				
	Persisting	Rehabilitated	Subtotal	Discontinued	Total	Persisting	Rehabilitated	Subtotal	Discontinued	Total	Persisting	Rehabilitated	Subtotal	Discontinued	Total
Employment-Related															
Currently Employed (as of survey date)	43%	74%	61%	33%	55%	44%	78%	57%	33%	53%	39%	73%	44%	29%	43%
Employment Within the Past 12 Months ¹	52%	80%	68%	41%	62%	56%	82%	65%	39%	62%	52%	83%	55%	38%	54%
Annual Earnings (in past 12 months)²															
Unconditional (with zeroes) Median Annual Earnings	\$1K	\$40K	\$25K	\$0K	\$17K	\$3K	\$39K	\$14K	\$0K	\$12K	\$0K	\$35K	\$2K	\$0K	\$2K
Conditional (without zeroes) Median Annual Earnings	\$24K	\$42K	\$38K	\$31K	\$37K	\$23K	\$40K	\$34K	\$29K	\$33K	\$18K	\$36K	\$22K	\$25K	\$23K
Annual Income (in past 12 months)³															
Unconditional (with zeroes) Median Annual <u>Individual</u> Income	\$23K	\$48K	\$36K	\$30K	\$35K	\$25K	\$48K	\$33K	\$26K	\$32K	\$24K	\$40K	\$25K	\$22K	\$24K
Unconditional (with zeroes) Median Annual <u>Household</u> Income	\$34K	\$61K	\$49K	\$35K	\$45K	\$36K	\$60K	\$42K	\$35K	\$41K	\$34K	\$50K	\$35K	\$30K	\$35K
Other Public Program Benefits															
Unemployment Compensation Rate	5%	4%	4%	3%	4%	3%	4%	3%	3%	3%	4%	3%	4%	3%	4%
Home Ownership															
Home Ownership Rate	47%	67%	59%	55%	58%	46%	62%	52%	52%	52%	40%	52%	42%	41%	42%

NOTE: Averages and percentages are based on survey data that has been weighted up to reflect the cohort population.
¹ Past employment rate is defined as the percentage of cohort members who reported working at any point in the past 12 months (including working currently as of the survey date).
² Annual earnings is defined as the amount earned, before taxes and other deductions, in the past 12 months from all jobs or businesses. Hence, median annual earnings are reported only for Veterans in an employment plan. Veterans in an Independent Living plan or an Extended Evaluation are not included in the average earnings calculations given that employment is not a goal of those programs.
³ Annual income is defined as income received from all sources, before taxes, in the past 12 months, including earnings from a job, benefits received from government programs, and any retirement, pension, investing, or savings income from which regular payments are received.

Employment Outcomes

Examination of the findings in Table 3D-1 reveals participants who have achieved rehabilitation have substantially better employment and standard of living outcomes compared to those who were discontinued and those who are still persisting in their rehabilitation plans. For all 3 cohorts, Veterans who have achieved rehabilitation are significantly more likely to be employed than Veterans who were discontinued. The employment rates for rehabilitated Veterans are at least double that of

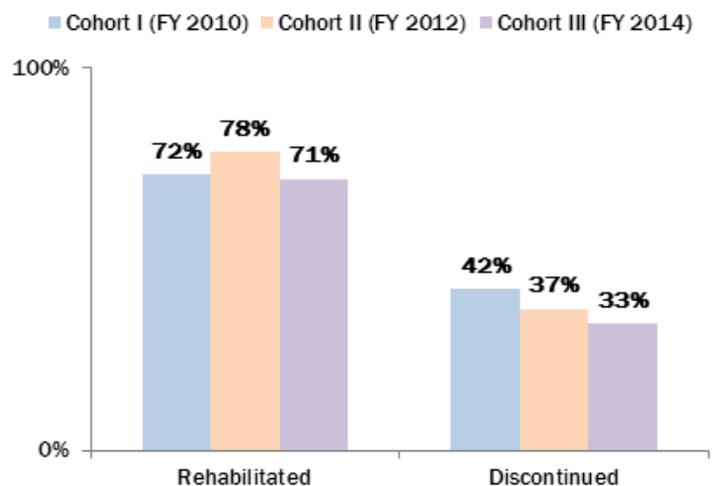
Veterans who were discontinued from the VR&E program. Only one-third of discontinued participants in all 3 cohorts reported being currently employed at the time of the survey, and two-fifths (~40 percent) reported being employed during the past 12 months. However, among participants who have achieved rehabilitation in all 3 cohorts, three-quarters reported being currently employed and more than four-fifths (~80 percent) reported employment during the past 12 months. Furthermore, Figure 3D-1 shows that among Veterans who reported being currently employed, about three-quarters of those who achieved rehabilitation indicated they were employed in a job that matches or somewhat matches their training provided by VR&E, compared to only about 40 percent of those who were discontinued.

It is expected that not all rehabilitated participants will report being employed. Participants that successfully complete the program include Veterans who have achieved rehabilitation from the Independent Living track. Given the primary goal of the Independent Living program is for participants in that plan is to live as independently as possible in their families and communities, it is not surprising that few Veterans who exit from an Independent Living plan report being employed.

More than 80% of Veterans who achieved rehabilitation in all cohorts were employed in the past 12 months. In addition, about three-quarters of rehabilitated participants reported being currently employed.

However, among Veterans who achieved rehabilitation from an employment plan, the current employment rate increased to more than 80% and the past year employment rate increased to more than 90%.

Figure 3D-1. Percentage of VR&E Participants who Achieved Rehabilitation or Discontinued and are Employed in a Job that Matches or Somewhat Matches VR&E Training, as of end of FY 2015



As expected, employment rates among Veterans who exit from an employment plan only are higher than employment rates among all Veterans who achieve rehabilitation. As shown in Table 3D-2, more than four-fifths of Veterans who achieved rehabilitation from an employment plan were currently employed at the time of the survey and more than 90 percent were employed within the past 12 months. It is not expected that all participants who achieve rehabilitation from an employment plan will report being employed given some employable Veterans elect to pursue further education after successfully completing their rehabilitation plans instead of immediate employment.

Table 3D-2. Employment Rates for VR&E who Achieved Rehabilitation or Discontinued from an Employment Plan as of end of FY 2015

Employment Rate	Cohort I (FY 2010)		Cohort II (FY 2012)		Cohort III (FY 2014)	
	Rehabilitated	Discontinued	Rehabilitated	Discontinued	Rehabilitated	Discontinued
Currently Employed (as of survey date)	85%	35%	87%	35%	82%	39%
Employment Within the Past 12 Months ¹	91%	43%	92%	43%	93%	47%

NOTE: Averages and percentages are based on survey data that has been weighted up to reflect the cohort population.

¹ Past employment rate is defined as the percentage of cohort members who reported working at any point in the past 12 months (including working currently as of the survey date).

Participants who have achieved rehabilitation also

earn substantially higher earnings over the past 12 months, relative to discontinued participants, which is largely due to more participants that have completed the program working. However, further examination of Table 3D-1 indicates that when comparing the average annual earnings of only those cohort members who reported working, rehabilitated participants earned, on average, \$11,000 more than discontinued participants, for all 3 cohorts. For Veterans who have achieved rehabilitation and worked before entering the VR&E program, the average post-rehabilitation salary is 41 percent (not shown) greater for Cohort I, 54 percent (not shown) greater for Cohorts II and III. The post-rehabilitation salary is comparable to entering salaries in most career fields.

Comparisons of annual earnings for participants who reported working indicate that those who achieved rehabilitation earned \$11,000 more during the past year than those who discontinued.

For Veterans who achieved rehabilitation and worked before entering VR&E, the average post-rehabilitation salary is 41% greater than the pre-rehabilitation salary for Cohort I. For Cohorts II and III, it is 54% greater.

Standard of Living Outcomes

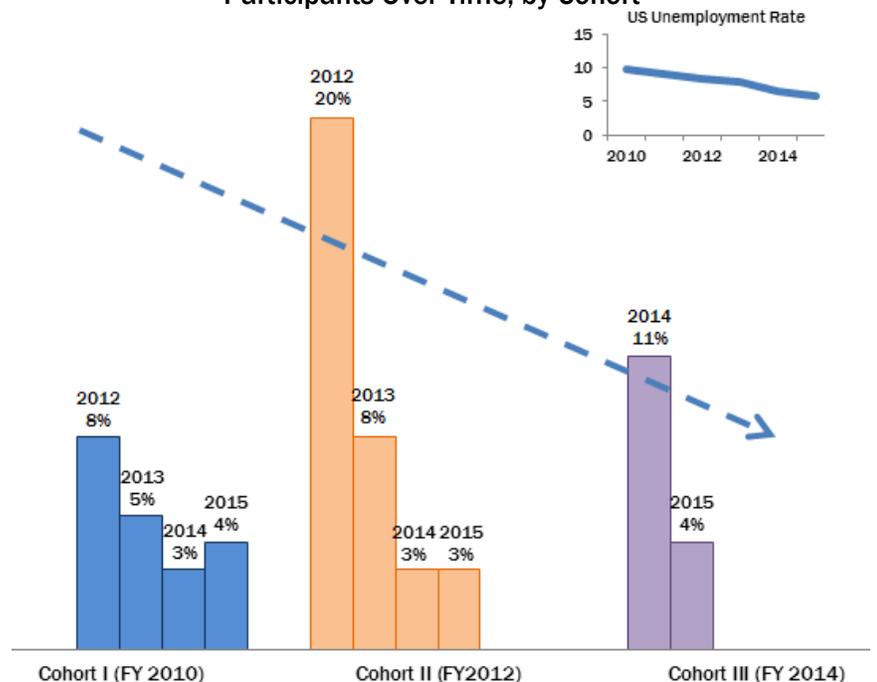
Given that participants who have achieved rehabilitation have substantially higher earnings than discontinued participants, it is not surprising to find that those participants also report higher individual and household annual incomes for the past 12 months, for all 3 cohorts. On average, the median individual income for Veterans who have achieved rehabilitation is at least \$18,000 higher than that of discontinued Veterans. The median household income for participants who have achieved rehabilitation is at least \$20,000 higher than that of discontinued participants. Additionally, the median annual earnings of Veterans who have achieved rehabilitation in all 3 cohorts are higher than that of Veterans overall and the average American, based on data from the 2010 U.S. Census data.¹⁸

Participants who have achieved rehabilitation reported higher annual income amounts than discontinued participants – at least \$18,000 higher for individual income and at least \$20,000 higher for household income.

A larger percentage of those who have achieved rehabilitation own their principal residence, relative to those who discontinued.

For all cohorts, a larger percentage of those who have successfully completed the program reported owning their principal residence, relative to those who discontinued. Table 3D-1 also indicates that only a small percentage of cohort members reported receiving unemployment benefits at some point during the past 12 months. Further examination of the unemployment benefits usage rate over time reveals a pattern of less dependence over time as participants have more time to complete the VR&E program and improve their employment opportunities. As shown in Figure 3D-1, the decline in this rate over time may also be affected by the fact that the overall U.S. economy has improved in recent years, as evidenced by the decline in the overall U.S. unemployment rate since 2010.

Figure 3D-2. Unemployment Benefits Usage Rate of VR&E Participants Over Time, by Cohort



¹⁸ https://www.census.gov/how/pdf/census_veterans.pdf

Factors that Contribute to Employment and Earnings

Multivariate regression analyses are also used to identify the factors that affect employment outcomes for those who have exited the program. The detailed results of the regression analyses are presented in Appendix K. It is important to note that the regression analyses related to employment outcomes (i.e., current employment rate and annual earnings) only include those Veterans who exited from an employment plan. Few Veterans who exit from an Independent Living (IL) plan report being employed, as the primary goal of the Independent Living program for participants in that plan is to live as independently as possible in their families and communities, and to enter an IL plan a vocational goal is not currently reasonably feasible. For similar reasons, Veterans who exit VR&E from an Extended Evaluation are also excluded from the regression analyses. The purpose of an Extended Evaluation is to provide evaluative and rehabilitative services designed to improve the Veteran's rehabilitation potential and determine whether a vocational goal is feasible. Individuals who successfully complete an Extended Evaluation and are able to select a feasible, suitable goal would then enter a rehabilitation plan. Those who discontinue from an Extended Evaluation are often not able to select a feasible, suitable goal.

Table 3D-3 summarizes the significant factors that contribute to employment and annual earnings for all 3 cohorts, as of FY 2015. For these findings, it is important to note that the regression analyses examined factors associated with employment outcomes within the first 6, 4, and 2 years since program entry. Therefore, the results identify factors related to early post-program outcomes, and may not be representative of the full range of factors associated with long-term post-program outcomes. In fact, the findings presented in Table 3D-3 confirm that the factors associated with positive employment outcomes do change over time. Cohort I has had more time to complete training and enhance their employment opportunities, relative to Cohorts II and III, and similarly Cohort II has had more time than Cohort III. Hence, factors that are significantly associated with employment outcomes for specific cohorts suggest that those factors may

Because the 3 cohorts have entered the study at different points in time and have had different amounts of time to complete their rehabilitation plans and enhance their employment opportunities, it is expected that factors associated with positive employment outcomes will change and stabilize over time. Factors that emerge as significant across all 3 cohorts during this early phase of the Longitudinal Study provide an early look into factors that are likely to emerge as influential for long-term post-program outcomes.

not be stable over time, and are related to shorter-term outcomes only. Factors that are significant across all 3 cohorts provide an early glimpse of factors that are likely to be associated with long-term employment outcomes. Over time, as data collection continues and more cohort members exit the program, additional factors that are consistently significant across all 3 cohorts will likely emerge as influential for employment and earnings.

Table 3D-3. Factors that Contribute to Employment Outcomes as of end of FY 2015

Explanatory Variable	Current Employment Rate ¹			Annual Earnings ²		
	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Rehabilitation status (compared to discontinued)	+	+	+	+	+	+
Officer status	+			+	+	+
Other employment tracks (compared to Employment through Long-Term Services)				+		
Serious employment handicap (SEH)	-	-				
Male	+			+		+
Age	-	-	-	-	-	-
Disability rating	-	-	-	-	-	-
Receiving subsistence allowance for participating in a training program	+					
Pre-rehabilitation salary	+		+	+	+	
Primary mental health diagnosis				-		
Length of military service	+		+	+		+
Earned a degree in past 12 months			+		-	

NOTE: Models include only Veterans who exited the program from an employment track. Veterans who exited from the Independent Living track or from an Extended Evaluation were excluded because few were employed.

¹ The effects are based on a logistic regression estimation where the dependent variable is a numeric variable falling between 0 and 1.

² The effects are based on a linear regression estimation where the dependent variable is a continuous variable.

Program status is the single most important factor associated with current employment. As of FY 2015, Veterans who successfully rehabilitated from an employment plan were more likely to be

employed than those who discontinued their employment plan. Table 3D-3 indicates that, in addition to program status, age and disability rating are significantly related to employment status for all 3 cohorts. Older Veterans and Veterans with a higher disability rating are less likely to be employed.

Table 3D-3 also summarizes the significant factors that are associated with annual earnings among those Veterans who exited the program from an employment plan. Across all 3 cohorts, program status and officer status are the two most important factors related to annual earnings. Veterans who successfully rehabilitated from an employment plan earned more over the past 12 months than those who discontinued their employment plans. Additionally, Veterans who served on active duty as officers have higher annual earnings than those who were enlisted. Age is negatively associated with earnings.

Achieving rehabilitation is the dominant factor associated with employment. Veterans who achieve rehabilitation are more likely to be employed than Veterans who discontinue. Older Veterans and those with a higher disability rating are less likely to be employed.

Program status and officer status are the two most important factors related to annual earnings. Rehabilitated Veterans and officers earn more over the past 12 months.

Factors that Contribute to Income

Multivariate regression analyses are also used to identify the factors that affect annual income for those who have exited the program. The detailed results of the regression analyses are presented in Appendix K. Individual income was defined in the survey as the gross income VR&E participants received from all sources, before taxes, including earnings from a job, benefits received from government programs, and retirement, pension, investing, or savings income from which regular payments are received. Because income includes income from all sources, in addition to earnings from a job, and the fact that Veterans with a service-connected disability may be eligible to receive disability compensation, it is expected that the majority of those who exit will report positive income amounts, in spite of their employment status. Hence, all Veterans who exit from the VR&E program are included in the income regression analyses, including those who exit from an Independent Living plan or an Extended Evaluation.

Table 3D-4 summarizes the significant factors that contribute to annual individual and household income, as of FY 2015. Similar to the regressions for employment outcomes, these analyses examined factors associated with income within the first 6, 4, and 2 years since program entry. Because the 3 cohorts have entered the study at different points in time and have had different amounts of time to complete their rehabilitation plans and enhance their employment opportunities, it is expected that as employment outcomes improve over time, so will income. Hence, factors common to all 3 cohorts that are significantly associated with income during these early years of the 20-year study period provide are noteworthy, as they will likely remain stable over time and be linked to long-term outcomes.

Military rank and program status are the two most important factors associated with individual income. As of FY 2015, Veterans with an officer rank had higher individual incomes over the past 12 months than those with a rank of enlisted, and Veterans who achieved rehabilitation reported higher annual individual incomes relative to those who discontinued. Several additional factors are positively associated with individual income for all 3 cohorts. Being male and having more months of active duty military service are also linked to higher annual earnings among Veterans who exited the program. Somewhat unexpected is the finding that a higher disability rating is associated with a higher annual income, which may be partially explained by the fact that Veterans with higher disability ratings typically receive higher disability compensation payments in addition to earnings from employment or income from other government assistance programs.

Program status and officer status are the two dominant factors related to both individual income and household income.

Table 3D-4 also summarizes the significant factors that are associated with annual household income among participants who exited VR&E. Across all 3 cohorts, program status and officer status are the two most important factors related to household income, with officers and rehabilitated Veterans reporting higher annual household incomes. Having more dependents, a higher pre-rehabilitation salary, and longer periods of military service are also associated with a higher household income over the past 12 months.

Table 3D-4. Factors that Contribute to Income as of end of FY 2015

Explanatory Variable	Individual Income			Household Income		
	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Officer status	+	+	+	+	+	+
Rehabilitation status (compared to discontinued)	+	+	+	+	+	+
Employment through Long-Term Services track (compared to Independent Living)		+				
Other employment tracks (compared to Independent Living)	+	+		+		
Serious employment handicap (SEH)						
Male	+	+	+		+	
Disability rating	+	+	+	+		
Some college or higher at program entry	+			+	+	
Number of dependents				+	+	+
Pre-rehabilitation salary	+	+		+	+	+
Primary mental health diagnosis						
Length of military service	+	+	+	+	+	+
Served in Gulf War II era	+					
Earned a degree in past 12 months		-			-	

NOTE: Models include only Veterans who exited the program. The effects are based on a linear regression estimation where the dependent variable is a continuous variable.

Section 3E: Cohort Comparisons

The previous sections of the report present cohort findings as of FY 2015. However, these findings are affected by the differing lengths of time that each cohort has been in the study. As such, this section compares findings for the cohorts using a common elapsed time, specifically within 4 years of beginning a rehabilitation plan. Within this section, we first present comparisons of program-related outcomes that are based on administrative data, such as the proportion of cohort members who have exited the program within the first 4 years of program entry.

As of the end of FY 2015, 3 to 4 years had passed since Cohort II (FY 2012) members first began a VR&E plan of services, while Cohort I (FY 2010) members reached this time benchmark in FY 2012. Using data as of FY 2013 for Cohort I and data from FY 2015 for Cohort II, we can compare outcomes within 4 years of beginning a VR&E program for Cohorts I and II. Specifically, we compare the employment rate, annual earnings, and annual income for Cohorts I and II. However, when comparing these data, it is important to recognize that the 4-year outcomes reported for Cohort I are for outcomes achieved as of FY 2013 and the 4-year outcomes reported for Cohort II are for outcomes achieved 2 years later, as of FY 2015. Although this report discusses 2-year outcomes achieved as of FY 2015 for Cohort III (FY 2014), we cannot compare 2-year outcomes across all 3 cohorts because the survey was not fielded until 2012. We do not have survey data from 2011, which is the 2-year mark for Cohort I. Comparisons of outcomes across all 3 cohorts will be discussed for the first time in the 2017 Annual Report for FY 2016.

Comparison of Program Outcomes

Rehabilitation and discontinuation outcomes. Comparisons of the cumulative proportion of cohort members who have achieved rehabilitation or discontinued services each year, within 4 years of beginning services, reveal that VR&E participants are exiting the program at similar rates over time. Figure 3E-1 shows that within 1 year of beginning services only about 1 or 2 percent of VR&E participants successfully achieve rehabilitation from an employment plan. Less than 10 percent achieve rehabilitation within 2 years of

Observing the same length of time, the cohorts are similar in terms of the percentage of Veterans who exited the program by successfully rehabilitating.

program entry. While the number of participants that achieved rehabilitation from an employment plan continued to increase over time, the proportion who have achieved rehabilitation within 4 years of beginning services is still relatively small (19 percent for Cohort I and 24 percent for Cohort II). However, this finding is expected given the fact that the vast majority of participants pursue the Employment through Long-Term services track to complete education and training programs, which may multiple years to complete.

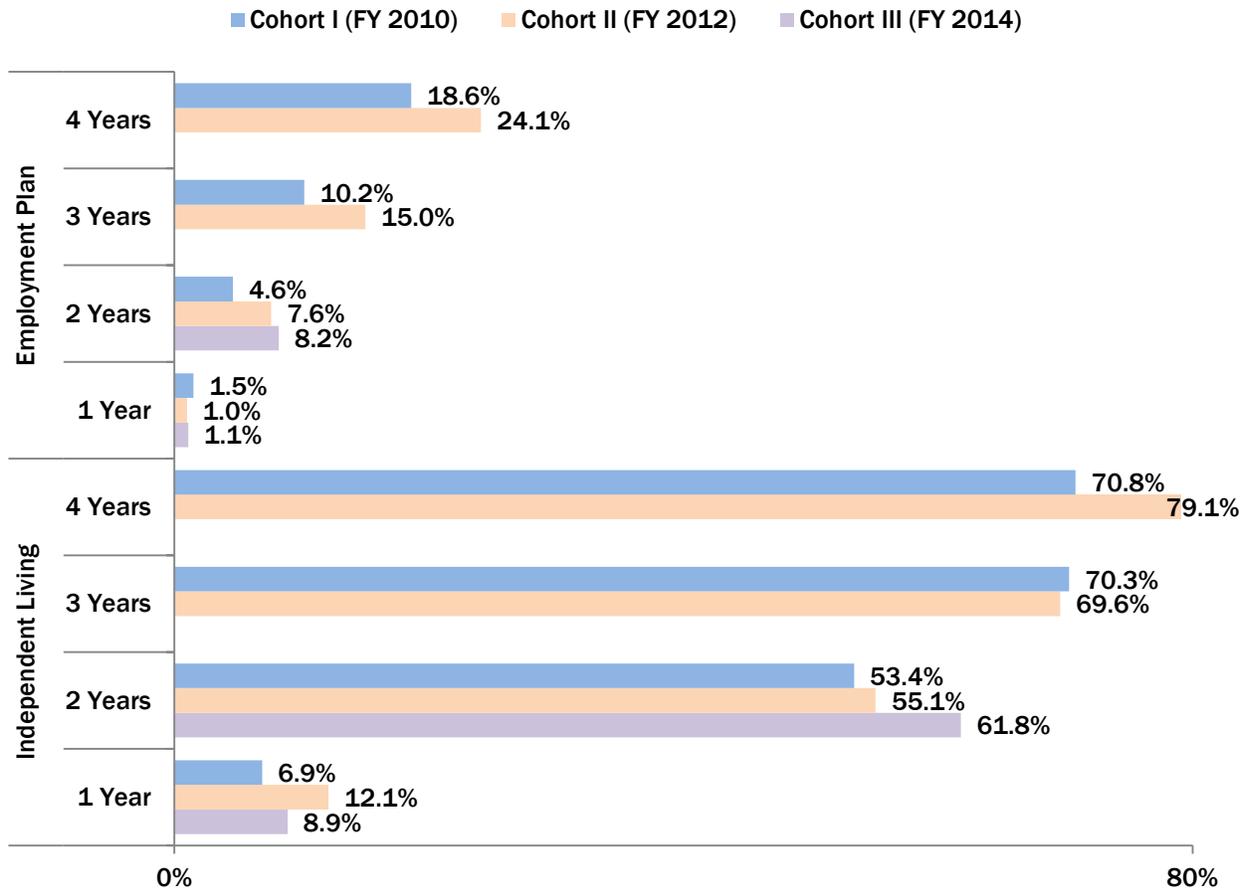
Within 4 years of beginning an employment plan, only 19% of Cohort I members and 24% of Cohort II members achieved rehabilitation. However, this finding is expected given that the majority of VR&E participants are in the Employment through Long-Term services track, and many individuals in this track are pursuing additional training or education that may take several years to complete.

Figure 3E-1 indicates that for those pursuing an Independent Living plan, the proportion that successfully completes the program within 4 years of beginning services is much larger, relative to those pursuing an employment plan. Among participants in an Independent Living plan, about 71 percent of Cohort I and 80 percent of Cohort II have achieved rehabilitation by year 4. As indicated in the figure, the largest increases in the proportion of Veterans in an Independent Living program who achieve rehabilitation occurs within 2 and 3 years of beginning the program given that the program generally lasts 24 months, with an additional 6 month extension if needed. Extensions beyond 30 months may be granted under certain circumstances for Post-9/11 Veterans who served on active duty and have a severe disability incurred or aggravated by that service.

Between 70% and 80% of cohort members pursuing an Independent Living program rehabilitate within 4 years of beginning the program.

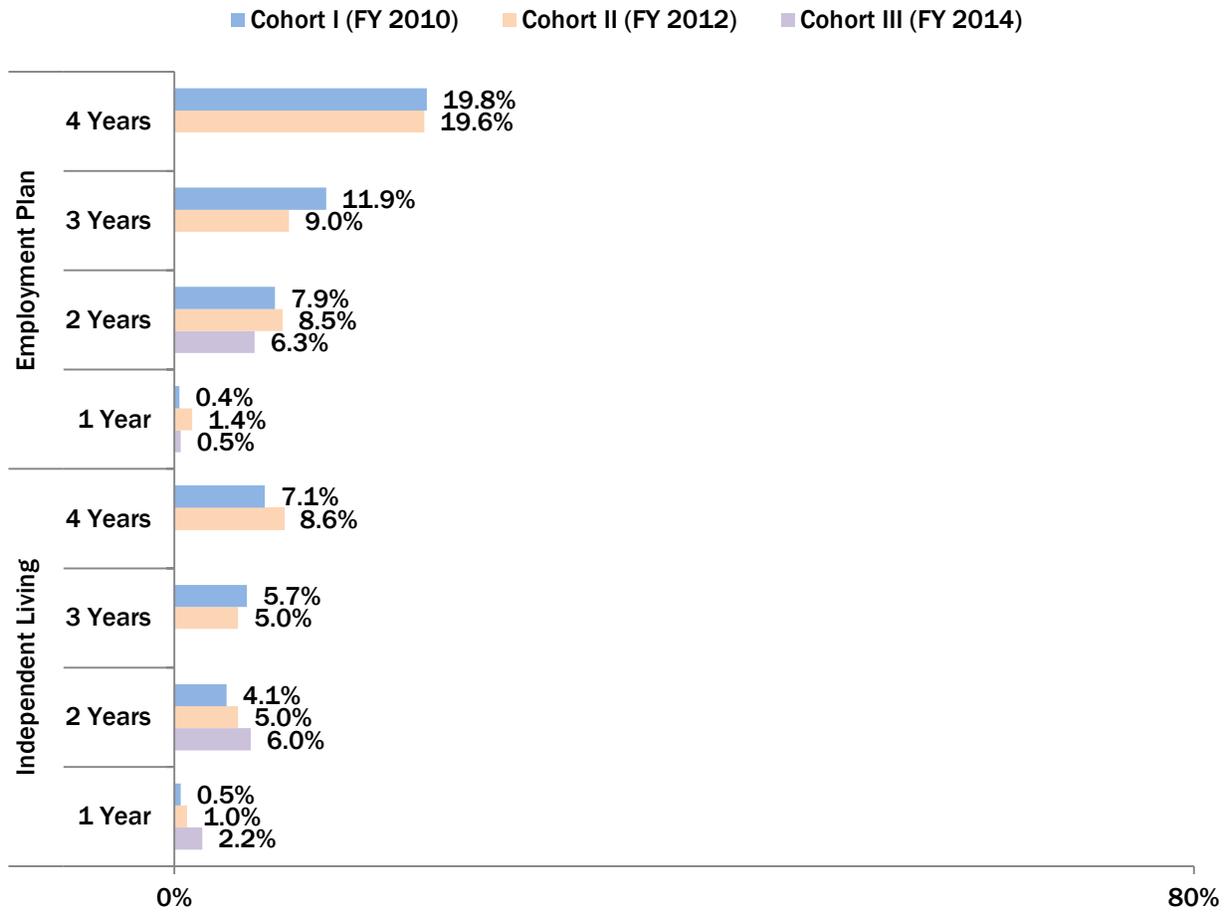
Figure 3E-2 provides comparisons of the cumulative proportion of cohort members who discontinued services each year, within 3 years of beginning services. The figure indicates that the proportion who discontinue services is similar across cohorts over time.

Figure 3E-1. Cumulative Percentage of VR&E Participants who Achieved Rehabilitation, Within First 4 Years of Program Participation, by Cohort



NOTE: Percentages (%) reported in the figure are based on VBA administrative data available for the cohort population.

Figure 3E-2. Cumulative Percentage of VR&E Participants that Discontinued, Within First 4 Years of Program Participation, by Cohort



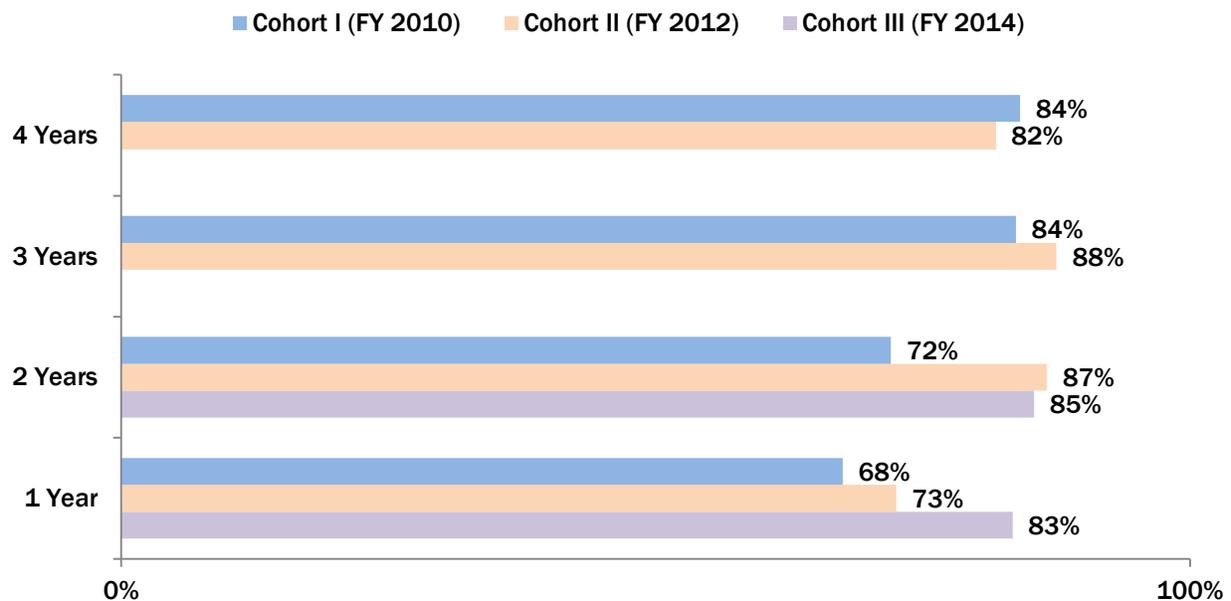
NOTE: Percentages (%) reported in the figure are based on VBA administrative data available for the cohort population.

Receiving subsistence allowance for a training program. Passed into law on January 4, 2011, Public Law 111-337 allows VR&E participants who are also eligible for Chapter 33 benefits to elect to receive a subsistence allowance at the Basic Allowance for Housing (BAH) rate instead of the traditional subsistence allowance rate. In some circumstances, the BAH rate may be higher than the traditional subsistence allowance rate. Prior to this change, there was concern that disabled Veterans were foregoing VR&E services in order to obtain the higher immediate cash allowance that accompanied Chapter 33 benefits.

Findings suggest that the passing of P.L. 111-337 in FY 2011, which provides a higher subsistence allowance equivalent to the BAH rate for eligible VR&E participants, and VA outreach efforts regarding this change resulted in more VR&E participants using the Chapter 31 benefit. A substantially larger proportion of cohort members received a subsistence allowance

As the VA expanded their outreach efforts to inform Veterans and Servicemembers of the benefits of the VR&E program, knowledge of the enhanced housing allowance may also have attracted VR&E participants in more recent years to use the subsistence allowance benefit under the VR&E program. The patterns revealed in Figure 3E-3 support this claim. Only 68 and 72 percent of Cohort I members received a subsistence allowance for an education or training program in FY 2010 (year 1) and FY 2011 (year 2), respectively. However, the percentage of Cohort I members receiving a subsistence allowance increased to 84 percent for both FY 2012 (year 3) and FY 2013 (year 4). Similarly, for Cohort II, the proportion who received a subsistence allowance increased from 73 percent in FY 2012 (year 1) to 88 percent in FY 2013 (year 2). Likewise, 83 and 85 percent of Cohort III received a subsistence allowance in FY 2013 (year 1) and FY 2014 (year 2), respectively. These patterns across all 3 cohorts suggest that substantially more Veterans received a subsistence allowance in FY 2012, compared to previous years, after VA expanded their outreach efforts regarding P.L. 111-337.

Figure 3E-3. Percentage of VR&E Participants Receiving Subsistence Allowance, Within First 4 Years of Program Participation, by Cohort



NOTE: Percentages (%) reported in the figure are based on VBA administrative data available for the cohort population.

Comparison of Employment and Standard of Living Outcomes

When comparing employment outcomes for participants who exit the program, it is important to examine these measures separately for those who exit from an employment plan versus an Independent Living program, given that the primary goal of the Independent Living program is restoring autonomy and activities of daily living versus employment. Additionally, Veterans who discontinue from an Extended Evaluation are not included in these findings, given that employment is not the primary goal of that program. Conversely, individuals pursuing an employment plan obtain the skills and training necessary to be competitively employed in their field. VR&E evaluates each participant as they near the completion of their rehabilitation goals and determines that their new training and skill development has made them competitive in their chosen field. VR&E also assesses and assists with their job seeking skills such as resume development and interview skills. Once a Veteran has all the necessary training and skills, they are declared job ready.

The final set of findings in this section compares the employment rate, annual earnings, and annual income for Cohorts I and II within 4 years of beginning a plan of services. However, when comparing these data, it is important to recognize that the 4-year outcomes reported for Cohort I

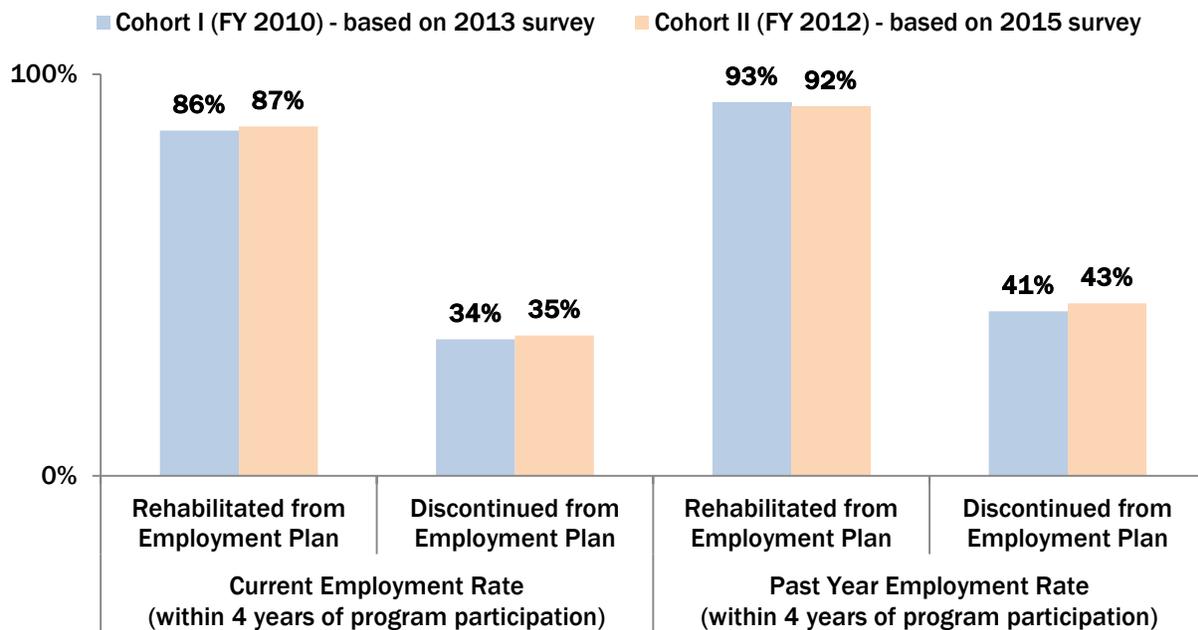
are for outcomes achieved as of FY 2013 and the 4-year outcomes reported for Cohort II are for outcomes achieved 2 years later, as of FY 2015. Given that the U.S. economy has improved in recent years, one would expect the economic outcomes for cohort members to improve over time as well.

Figure 3E-4 indicates that both Cohorts I and II experienced similar rates of employment for those who exited the VR&E program from an employment plan within 4 years of beginning services. However, as expected, Veterans who have achieved rehabilitation from an employment plan experience much higher rates of employment – about 50 percentage points – relative to Veterans who discontinue from an employment plan.

VR&E participants report similar employment rates within 4 years of beginning services.

The employment rates of those who rehabilitate from an employment plan are more than double the rates of Veterans who discontinue from an employment plan.

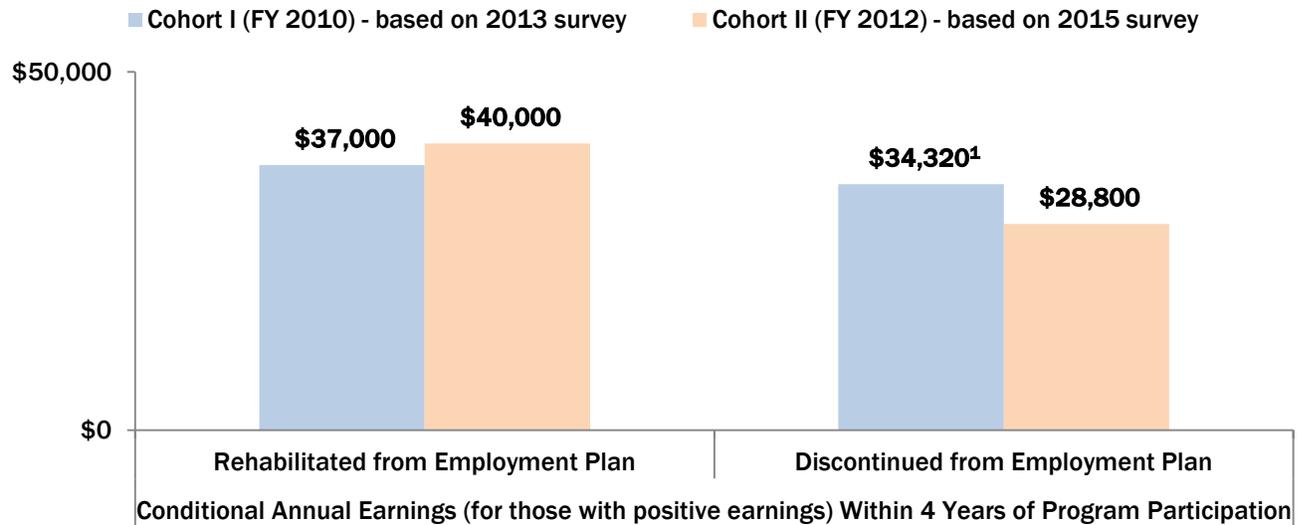
Figure 3E-4. Employment Rates Within 4 Years of Program Participation for VR&E Participants who Achieved Rehabilitation or Discontinued from an Employment Plan, by Cohort



NOTE: Percentages (%) reported in the figure are based on survey data that has been weighted up to reflect the cohort population. Current employment rate is defined as the percentage of cohort members who reported being employed as of the survey date. Past year employment rate is defined as the percentage of cohort members who reported working at any point in the past 12 months (including working currently as of the survey date).

When comparing the annual earnings amounts for participants who are employed within 4 years of beginning services, the earnings of those who have achieved rehabilitation from an employment plan are higher than those who discontinued, as shown in Figure 3E-5, particularly for Cohort II. The response rate for the 2013 survey¹⁹ was less robust than in other years and may have affected the earnings estimate for that year. A high number of respondents to the 2013 survey reported earnings in the upper tail of the distribution, which may overstate the average earnings for this year, particularly for discontinued participants as suggested in the figure. Cohort II members who achieved rehabilitation from an employment plan within 4 years of starting services reported slightly higher earnings (\$40,000 in FY 2015) compared to Cohort I within 4 years (\$37,000 in FY 2013). This 8 percent increase in earnings from FY 2013 to FY 2015 outpaces the 2 percent²⁰ inflation rate between 2013 and 2015.

Figure 3E-5. Conditional Median Earnings from Employment (for those with positive earnings) Within 4 Years of Program Participation for VR&E Participants who Achieved Rehabilitation or Discontinued from an Employment Plan, by Cohort



NOTE: Amounts reported in the figure are based on survey data that has been weighted up to reflect the cohort population. Earnings are defined as the amount earned, before taxes and other deductions, in the past 12 months from all jobs or businesses.

¹⁹ During the first year of survey data collection in 2012, a \$20 incentive was offered to Veterans who completed the initial survey. The incentive was not offered for the first annual follow-up administered in 2013, however a \$20 incentive was reinstated for the 2014 survey. For this current survey year, a \$10 incentive was provided to survey respondents.

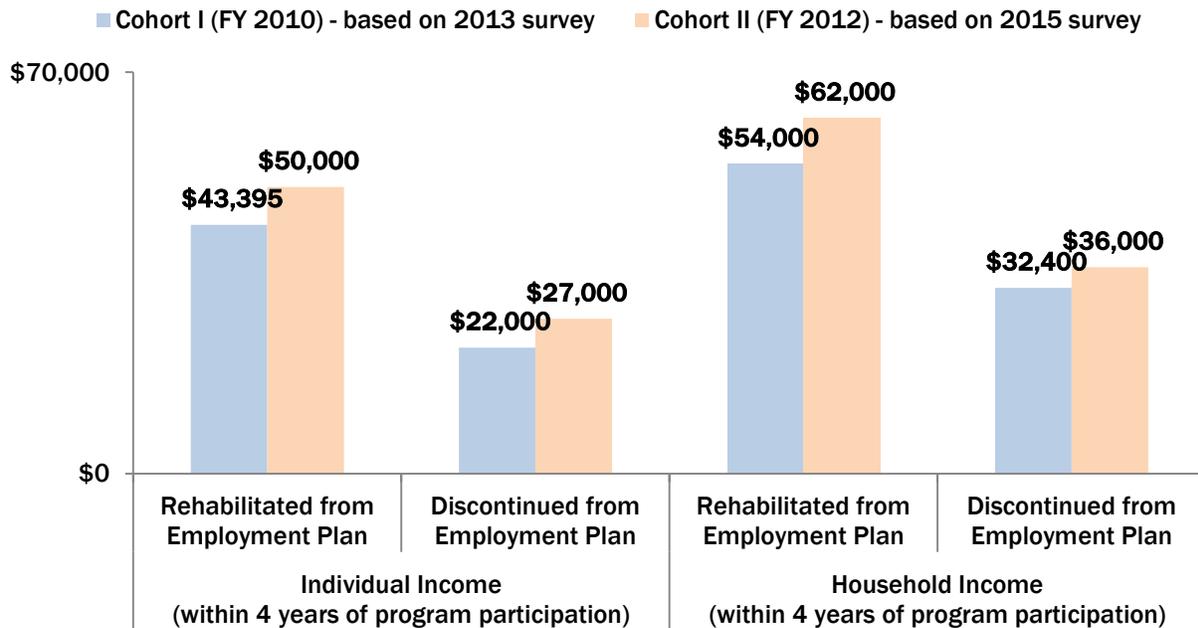
²⁰ http://www.bls.gov/data/inflation_calculator.htm

¹ The response rate for the 2013 survey was less robust than in other years and may have affected the earnings estimate for that year. A substantial number of respondents to the 2013 survey reported earnings in the upper tail of the distribution, which may overstate the average earnings for this year.

Figure 3E-6 presents the annual income amounts reported by those who exited from an employment plan within 3 years of beginning services. As expected, participants who have achieved rehabilitation from an employment plan report annual individual and household income amounts that are substantially higher than those of participants who discontinued from an employment plan. Given that Veterans who have achieved rehabilitation from an employment plan report higher annual earnings from employment, it is not surprising that reported income amounts (which include earnings from employment) are also higher. Figure 3E-6 also reveals that the income of VR&E participants has increased over time. Cohort II members reported higher income amounts in the 2015 survey compared to the income amounts reported by Cohort I members in the 2013 survey. Again, these changes outpaced the inflation rate between 2012 and 2014, especially so for participants who achieved rehabilitation.

The 15% increase in self-reported individual and household income from FY 2013 to FY 2015 for participants who achieved rehabilitation substantially outpaces the 2% inflation rate between 2013 and 2015.

Figure 3E-6. Unconditional Median Annual Income Within 4 Years of Program Participation for VR&E Participants who Achieved Rehabilitation or Discontinued from an Employment Plan, by Cohort



NOTE: Amounts reported in the figure are based on survey data that has been weighted up to reflect the cohort population. Income is defined as income received from all sources, before taxes, in the past 12 months, including earnings from a job, benefits received from government programs, and any retirement, pension, investing, or savings income from which regular payments are received.

Section 4:

Summary of Findings and Early Conclusions

Summary of Findings and Early Conclusions

4

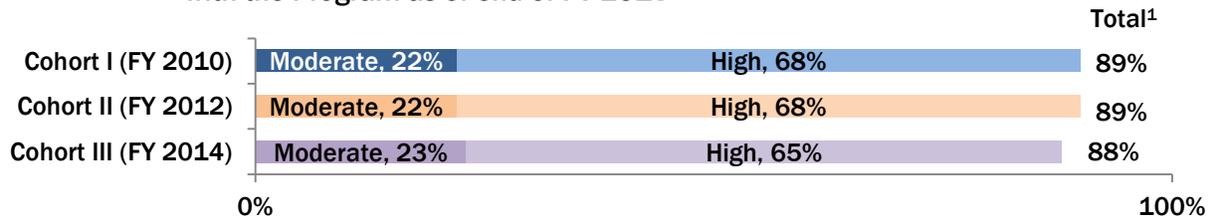
The data analyzed for Cohorts I, II, and III during these early years of the VR&E Longitudinal Study reveal some common patterns across the 3 cohorts, as well as a few differences. The main findings are summarized below.

The majority of all participants for all cohorts reported moderate to high program satisfaction (~90%).

Veteran Satisfaction

For all cohorts, about 90 percent or more Veterans reported being satisfied with the VR&E program (see Figure 4-1). Participants who achieved rehabilitation and those still persisting in their plans reported higher program satisfaction relative to those who discontinued, for all cohorts. Multivariate regression analysis reveals that, for all 3 cohorts, in addition to program participation status, receipt of a subsistence allowance for participating in a training program is associated with higher satisfaction.

Figure 4-1. Percentage of VR&E Participants Reporting Moderate or High Overall Satisfaction with the Program as of end of FY 2015



NOTE: Percentages (%) reported in figure are based on survey data that has been weighted up to reflect the cohort population.

¹ Percentages for moderate and high satisfaction may not sum to total percentages due to rounding.

Demographic Differences at Program Entry

More recent cohorts of VR&E participants are younger, have a slightly larger proportion of female Veterans, are more educated prior to program entry, have served on active duty longer, and have a higher proportion of Veterans that served in the Gulf War era II. Women

Characteristics of More Recent VR&E Participants

- Younger
- More female Veterans
- More educated prior to program entry
- Longer period of active duty military service
- More Veterans that served in the Gulf War era II

make up a larger percentage of the program participants (17 to 20 percent) than the overall Veteran population (9 percent). However, the distribution of females among the VR&E cohorts is consistent with the proportion of women represented among all Gulf War II era Veterans (20 percent).

Women make up a larger percentage of the VR&E participants (17% to 20%) than the overall Veteran population (9%).

The cohorts have grown substantially in size over time, suggesting that more Veterans are eligible for, and are seeking VR&E services. There are several likely contributing factors to this increase in participation such as increases in the number of recently separated Veterans, increases in the number of Veterans with a service-connected disability, and recent changes in program eligibility and provisions which may have attracted more Veterans rated with service-connected disabilities to the program. Comparisons over time of the proportion of cohort members receiving a subsistence allowance indicate that a larger proportion VR&E participants received a subsistence allowance in FY 2012 and thereafter (relative to the proportion in years prior to FY 2012), which likely stems from the FY 2011 change in legislation that allowed VR&E to pay similar monthly allowances as those paid under the Post-9/11 GI Bill.

Program Outcomes (Rehabilitation and Discontinuation)

Comparisons of cohorts for the same period of program tenure reveal that participants exit the program at similar rates.

Cohort I has had more time to complete their rehabilitation plans, they have experienced larger increases in the number and proportion of Veterans who have successfully completed their program or who have discontinued program services. Comparisons of cohorts for the same period of program tenure reveal that participants exit the program at similar rates. Only about 3 percent of cohort members exit the program within the first year of receiving services. By year 4, the percentage of participants who have achieved rehabilitation and discontinued services increases to almost half of the cohort, with slightly more achieving rehabilitation (22 percent for Cohort I and 25 percent for Cohort II) versus discontinuing services (20 percent for Cohort I and 23 percent for Cohort II). Six-year rehabilitation and discontinuation outcomes for Cohort I suggest that about two-thirds of cohort members exit the program within 6 years of beginning services, with 33 percent achieving rehabilitation and 35 percent discontinuing services.

Examination of program outcomes by track selection reveals different patterns. The largest increase in the cumulative proportion of cohort members who achieve rehabilitation from an Independent Living plan occurs within 3 years of entering the program. Among cohort members pursuing an Independent Living plan, slightly more than half achieve rehabilitation within 2 years of beginning their program and about 70 percent achieve rehabilitation within 3 years. However, this is expected, given that the program is targeted to be completed within 2 years, with extensions provided up to 30 months if needed.

Between 70 and 80 percent of participants pursuing an Independent Living plan achieve rehabilitation within 4 years of program start; however, for participants pursuing an employment plan, the proportion achieving rehabilitation within the same 4-year timeframe is much lower. Less than one-quarter of participants pursuing an employment plan achieve rehabilitation within 4 years of program start. Nevertheless, this finding is not surprising, as the majority of cohort members are in the Employment through Long-Term Services track pursuing additional training or education which may take years to complete.

In fact, a recent study conducted by GAO reveals it often takes Veterans 6 years or more to successfully achieve rehabilitation.²¹

Similarly, for all cohorts, multivariate regression analyses reveal that the most dominant variable driving rehabilitation, as well as the amount of time it takes to rehabilitate, is program track selection. Compared to Veterans in the Independent Living track, Veterans in one of the employment tracks Services track are less likely to successfully achieve

Successful completion of an employment plan takes time. Less than one-quarter of Veterans pursuing employment goals rehabilitate in the first four years, which is largely due to the fact that the vast majority of VR&E participants are in the Employment through Long-Term Services track to pursue additional training or education that may take several years to complete.

In addition to pursuit of an employment track, receipt of a subsistence allowance for participating in a training program decreases the probability of rehabilitation to date. Having a serious employment handicap and a higher disability rating also lessens the likelihood of achieving rehabilitation as of FY 2015.

²¹ <http://www.gao.gov/assets/670/660160.pdf>

rehabilitation by the end of FY 2015, and take longer to rehabilitate. In addition, having a serious employment handicap and a higher disability rating decrease the probability of successful rehabilitation (and increase the time it takes to rehabilitate), which indicates that Veterans with more complex disabilities, multiple disabilities, or more significant barriers to employment are not reaching rehabilitation as quickly as those Veterans with fewer barriers. Conversely, having at least some college education at program entry, a higher pre-rehabilitation salary, serving a greater number of months on active duty, and having served in the Gulf War II era are associated with an increased likelihood of achieving rehabilitation (and rehabilitating sooner) by the end of FY 2015.

For all three cohorts, discontinuation is primarily driven by the reasons that necessitate a Veteran being placed in an Extended Evaluation. Individuals are placed in an Extended Evaluation plan in order for the VRC to make a final decision regarding if the achievement of a vocational goal is currently feasible; if it is not, the Veteran's Extended Evaluation plan is discontinued. Veterans who selected an employment track (relative to those in the Independent Living track) and Veterans with a higher combined disability rating are more likely to discontinue their plans, as of FY 2015.

Receiving a subsistence allowance for participating in a training program, having at least some college education at program entry, having served a greater number of months on active duty, and serving in the Gulf War I era decreases the probability of discontinuation.

Employment and Standard of Living Outcomes

Table 4-1 describes the long-term post-program outcomes measured by the VR&E Longitudinal Study. Because the main focus of the study is on long-term outcomes experienced by VR&E participants after exiting the program, the findings focus on the outcomes experienced thus far (i.e., as of FY 2015) by cohort members who have achieved rehabilitation or discontinued services.

Table 4-1. Employment and Standard of Living Outcome Measures

Employment Outcomes	
Current Employment Rate	Survey report on if currently employed at time of survey
Extent Current Job Matches Training	Survey report on how closely current job matches VR&E training
Past Year Employment Rate	Survey report on if worked in the 12 months prior to the survey
Number of Months Employed During Past Year	Survey report on how many months worked in the 12 months prior to the survey
Earnings	
Annual Earnings	Survey report on how much earned in the 12 months prior to the survey
Pre-Rehabilitation and Post-Rehabilitation Salaries	VA administrative data collected at the beginning of the program and at the point of rehabilitation
Income	
Individual Income	Survey report of annual individual income from all sources including salary/wage income and income from other sources such as VA disability benefits
Household Income	Survey report of annual household income
Unemployment Compensation Rate	Survey report of receipt of unemployment benefits in the 12 months prior to the survey
Home Ownership	
Home Ownership Rate	Survey report of home ownership

The FY 2015 VR&E Longitudinal Study findings reveal that regardless of program tenure, Veterans who have achieved rehabilitation have substantially better employment and standard of living circumstances than those who discontinued. In fact, successful completion of the program (i.e., rehabilitation) was one of the most dominant factors driving positive financial outcomes compared to those who discontinued program services. Participants who have achieved rehabilitation experience higher rates of employment, and consequently higher earnings from employment. However, when comparing earnings for only those cohort members who report working, those who have achieved rehabilitation report higher earnings amounts than

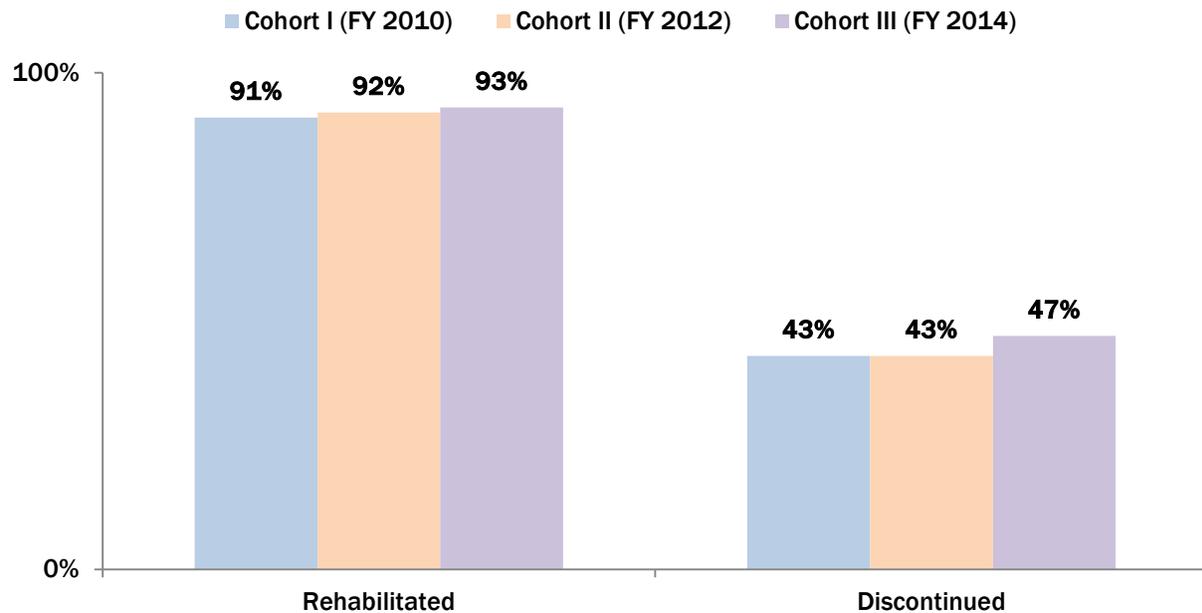
Compared to those who have discontinued, participants who achieved rehabilitation report more positive economic outcomes, including higher:

- Employment rates
- Annual earnings
- Individual income
- Household income
- Home ownership rates

those who discontinued, suggesting that Veterans who achieve rehabilitation both work more, and earn more, than Veterans who have discontinued from the program.

Employment Outcomes. For Veterans who have achieved rehabilitation from an employment plan, more than 90 percent reported employment in the past 12 months (see Figure 4-2). On average, employment rates for Veterans who achieve rehabilitation are about 50 percentage points higher than those of discontinued Veterans.

Figure 4-2. Past Year Employment Rate for VR&E Participants Who Achieved Rehabilitation or Discontinued from an Employment Plan as of end of FY 2015



Approximately three-quarters of participants who achieved rehabilitation were employed in a job that matches or nearly matches their training provided by VR&E, compared to only one-third (or slightly more) of participants who did not complete their rehabilitation plans.

Earnings. Participants who have achieved rehabilitation also substantially higher earnings over the past 12 months, relative to discontinued participants, which is largely due to more participants that have completed the program working. However, when comparing the median annual earnings of only those cohort members who reported working, rehabilitated participants earned, on average, 35

to 45 percent more than discontinued participants. Furthermore, over time, each cohort has experienced increases in annual earnings that have substantially outpaced the annual inflation rate. These increases are heavily influenced by Veterans having completed the program, being employed longer, and earning promotions and raises. Veterans who did not reach their rehabilitation goals are seeing increases in incomes over time as well, but still make substantially less than those who successfully completed the program.

For Veterans who have achieved rehabilitation and worked before entering the VR&E program, the average post-rehabilitation salary is 41 percent greater for Cohort I, 54 percent greater for Cohort II, and 54 percent greater for Cohort III. The post-rehabilitation Salary is comparable to entering salaries into most career fields. Over time the annual income will show how Veterans progress financially in their employment.

Income. In addition to higher earnings levels, participants who have achieved rehabilitation reported substantially higher income levels relative to discontinued participants.

Specifically, for Cohort I, the median annual income for Veterans who achieved rehabilitation was 60 percent larger than that of Veterans who did not complete the program (\$48K versus \$30K), as of FY 2015. For the median annual household income, the amount was 74 percent higher for Cohort I members who achieved rehabilitation compared to those who discontinued (\$61K versus \$35K).

For Cohort I, the annual individual income of participants who achieved rehabilitation is 60% greater than the median for discontinued participants.

The median annual household income of Cohort I participants who achieved rehabilitation is 74% greater than that of discontinued participants.

Over time, fewer Veterans reported receiving unemployment benefits. Although the exact reason for this trend cannot be determined, the decline in the unemployment compensation rate may be partially explained by the fact that some participants may not need unemployment benefits or may have exhausted unemployment benefits at the time of the survey.

Home Ownership. A larger percentage of those who have achieved rehabilitation reported owning their principal residence, relative to that of those who discontinued (Cohort I – 67 percent versus 55 percent; Cohort II – 62 percent versus 52 percent; Cohort III – 52 percent versus 41 percent).

Future reports

As we continue to follow these 3 cohorts over time and as more VR&E participants exit the program, more data will be available on the long-term outcomes of Veterans and the key programmatic and demographic factors influencing these outcomes. Moreover, as multiple years of data are collected, it will be possible to examine more salient trends in outcomes. In addition, over time, more robust comparisons can be made across all 3 cohorts using the same time benchmark. Finally, as the cohorts mature and more participants re-enter the program after discontinuation or after having achieved rehabilitation, analyses can assess how entering the program more than once may influence long-term outcomes.

VR&E's new program performance measures will be incorporated in future reports starting with the next Longitudinal Study Report (2017 VR&E Longitudinal Study Report for FY 2016). The 2017 Report will include information on positive outcomes, class success rate, and the persistence rate for the three VR&E cohorts participating in the Longitudinal Study, providing a more accurate account of their success in the program.

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