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U.S. Department of Veterans Affairs

Veterans Benefits Administration Veteran Readiness and Employment (VR&E)

Longitudinal Study

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EXECUTIVE SUMMARY

OVERVIEW OF THE VETERAN READINESS AND EMPLOYMENT PROGRAM

The Veteran Readiness and Employment (VR&E) program (previously, the Vocational Rehabilitation and Employment program), also known as the Chapter 31 program, assists Veterans and Service members with service-connected disabilities (SCD) and employment barriers to prepare for, obtain and maintain suitable employment. VR&E provides comprehensive services including vocational assessment, rehabilitation planning, and employment services. For Veterans with SCDs so severe they cannot immediately consider work, the VR&E program offers services to improve their ability to live as independently as possible within their families and communities. VR&E also administers benefits under chapter 18 and chapter 35 under title 38, United States Code, which provides benefits to eligible dependents, spouses and beneficiaries. However, these participants are not represented in the VR&E Longitudinal Study.

VR&E administers these benefits (Chapters 31, 18 and 35) through a decentralized service-delivery network comprised of over 350 offices, including 56 Veterans Benefits Administration (VBA) regional offices, the National Capital Regional Benefits Office, over 140 VR&E out-based offices, 71 Integrated Disability Evaluation System sites and 104 VetSuccess on Campus (VSOC) locations. As of the end of FY 2021, this network consisted of 1,644 staff, including Vocational Rehabilitation Counselors, Employment Coordinators, support staff and managers. Figure E-1 illustrates the distinguishing features of the VR&E service-delivery model relative to the service-delivery strategy of VBA's other lines of business.

Figure E-1. Three Key Features of the VR&E Service-Delivery Model¹**Multi-Year Cycle**

The cycle of an active VR&E case may extend up to and beyond six years. This is necessary to provide adequate training for Veterans so that they can obtain and maintain employment that accommodates their disabilities and provides a career foundation that is appropriate.

**Face-to-face Interactions**

VR&E requires regular face-to-face interactions with Veterans to deliver benefits and services, in contrast to VBA's other business lines that focus primarily on claims processing. Face-to-face interactions can be conducted in-person or by video teleconferencing.

**Largest Out-Based Network within VBA**

VR&E has the largest out-based network of any VBA business line with over 350 locations nationwide.

VR&E LONGITUDINAL STUDY

Congress passed the *Veterans' Benefits Improvement Act of 2008* (P.L. 110-389) to improve and enhance benefits for Veterans. A section of this legislation required the Department of Veterans Affairs (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 FY 2010 (Cohort I), FY 2012 (Cohort II) and FY 2014 (Cohort III). Each cohort will be followed annually for 20 years. In 2012, survey data collection started for Cohort I and Cohort II; survey data collection started in 2014 for Cohort III.

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. P.L. 110-389 § 334 (see Appendix A) requires VA to report to Congress annually on 16 specific data elements. The specific outcomes of interest in the mandate are as follows:

¹M28R, Vocational Rehabilitation and Employment Service Manual, Part V, Section A, Chapter 2.

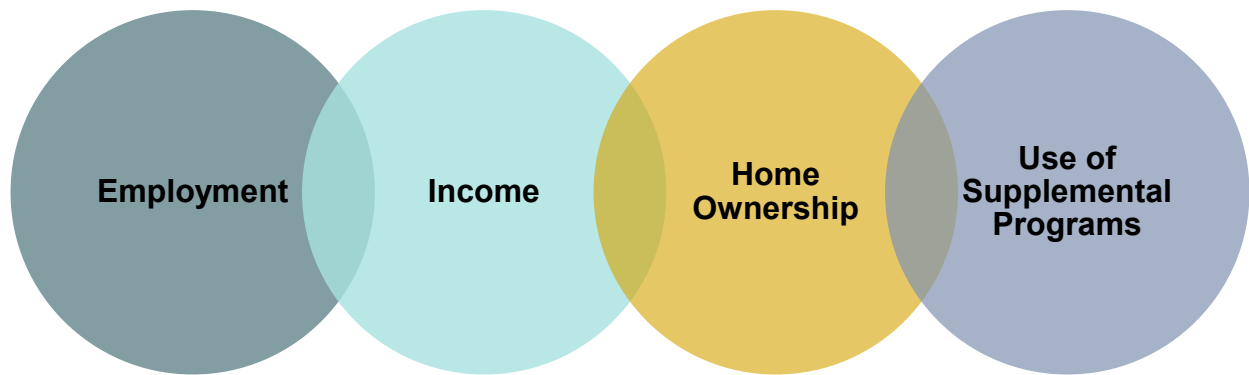


Table E-1 describes the long-term post-program outcomes measured by the VR&E Longitudinal Study. Since the focus of the study is on VR&E participants’ long-term outcomes after exiting the program, the findings emphasize the outcomes experienced thus far (as of FY 2021) by cohort members who have achieved rehabilitation or discontinued services.

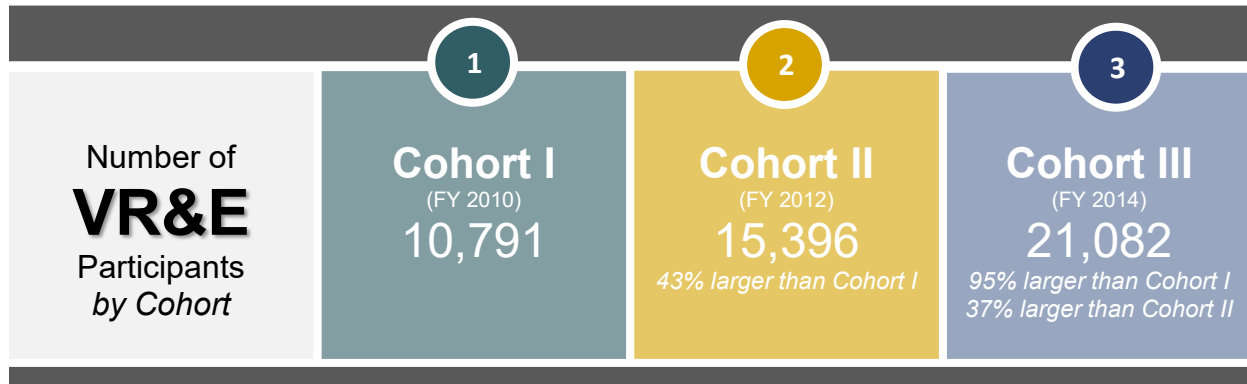
Table E-1. Outcomes of Interest Analyzed in this Study

Employment Outcomes	
Current Employment Rate	Survey report on whether 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 whether worked in the 12 months prior to survey
Number of Months Employed During Past Year	Survey report on how many months worked in the 12 months prior to survey
Income	
Individual Income	Survey report of individual annual 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
Homeownership	
Homeownership Rate	Survey report of homeownership

The VR&E Longitudinal Study analyzes data from two distinct sources: (1) self-reported survey data collected annually from a representative sample of cohort members, and (2) VBA Administrative Data. The results of the VR&E Longitudinal Study will be used to enhance the services VR&E provides Veterans. See Appendix B for details regarding the survey methodology.

COMPARISON OF COHORT FINDINGS

The number of participants in the VR&E program has increased significantly with each succeeding cohort. As shown below, Cohort II is 43% larger than Cohort I, and Cohort III is 37% larger than Cohort II.



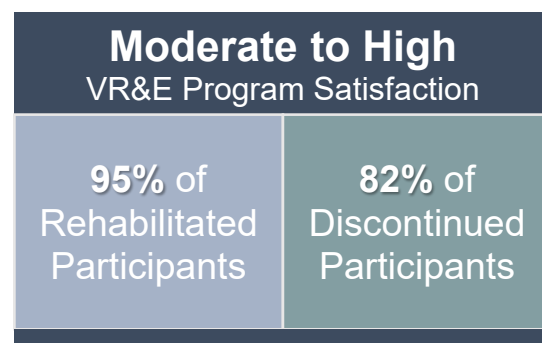
Several factors may have contributed to the increase in cohort size, including:

- Increased number of recently-separated Veterans;
- VA's efforts to reduce the disability claims backlog with the additional adjudicated claims, therefore, increasing the number of potentially eligible Veterans entering the program; and
- Changes in the provision of monthly subsistence allowances for VR&E program participants who may also qualify for Post-9/11 Bill benefits.

VETERAN SATISFACTION

Veterans who achieved rehabilitation reported higher satisfaction as compared to Veterans who were persisting in their plans or discontinued from services. About 95% of rehabilitated Veterans have moderate to high levels of satisfaction with the program. Comparatively, about 82% of discontinued Veterans reported moderate to high satisfaction with the program. At least two-thirds have rated their overall satisfaction as high.

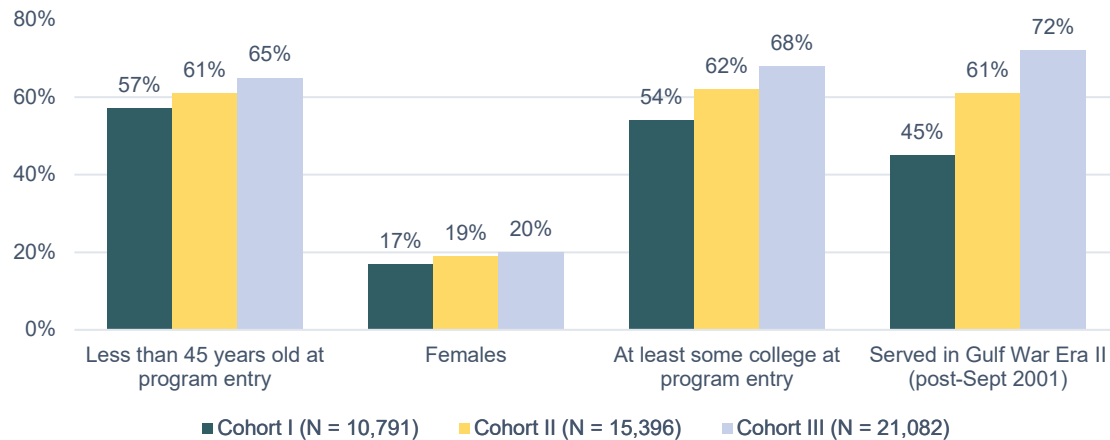
Satisfaction levels with the program has remained consistent throughout the last several years of the study.



DEMOGRAPHICS AND PARTICIPANT CHARACTERISTICS

Demographic data presented in Figure E-2 show that more recent cohorts have a slightly larger proportion of female Veterans, are significantly younger, are more likely to have served during the Gulf War Era II, and have more education upon entry into the program.

Figure E-2. Key Demographic Trends of VR&E Participants at Program Entry



Source: VBA Administrative Data, FY 2021

The Gulf War Era identified in this report is divided into two periods of service: Gulf War Era I (served August 1990-August 2001) and Gulf War Era II (service beginning September 2001-present). Since this study follows the same cohorts each year, the findings of this section on demographics and participant characteristics may only change slightly from year to year.

Additional demographic characteristics of note include:

- At least 72% of members of each cohort 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 their abilities, interests, and aptitudes.
- The percent of Veterans with a combined SCD rating above 60% for the three cohorts was 72%, 76%, and 78%, respectively. This is considerably greater than the 47% of the overall Veteran population having an SCD of 60% or more.
- Female program participation (17-20%) is consistent with the overall Veteran population (16-18%). The distribution of females among VR&E cohorts is also consistent with the proportion of females represented among all Gulf War Era Veterans (about 20%).

- On average, cohort members visited VA-provided health care facilities 13 times per year in FY 2021 while the overall Veteran population visited VA-provided health care facilities 11 times per year.²
- Over 25% of participants in each cohort have post-traumatic stress disorder (PTSD) as their primary disability code. Cohort II and Cohort III have higher percentages of Veterans with PTSD disability compared to Cohort I.
- On average, participants who achieved rehabilitation served more months on active duty than participants who were persisting or discontinued.

PROGRAM OUTCOMES (REHABILITATION AND DISCONTINUATION)

Successful completion of the program requires a significant amount of time, primarily because most Veterans pursue the Employment through Long-Term Services track to complete education and training programs. Figure E-3 illustrates the different stages of each cohort based on the length of time spent in the program.

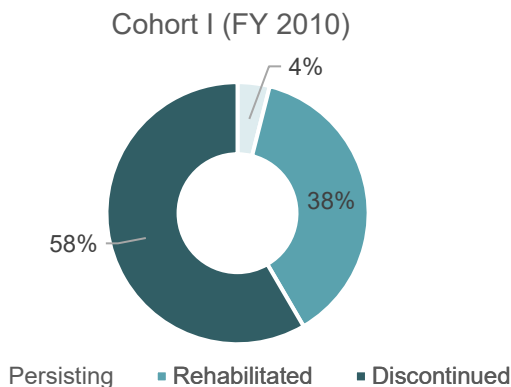
The term “discontinuation” is defined as the termination of all VR&E services and benefits. In accordance with 38 CFR 21.198, the purpose of discontinued (DIS) status is to identify situations in which termination of all VR&E services and benefits is necessary. Per M28C.V.A.6, a Veteran’s claim may enter into a discontinued status for any of the following reasons:

- The claimant reaches the basic 12-year eligibility termination date and there is no basis for extension of entitlement.
- The Veteran is found to be not feasible and there are no Independent Living needs.
- The Veteran is unable to participate in a rehabilitation program because of a serious physical or emotional problem for an extended period, and VA medical staff is unable to estimate an approximate date by which the claimant will be able to begin or return to the program.
- The Veteran chooses to obtain and/or maintain unsuitable employment and does not wish to pursue further services that will lead to suitable employment.
- The Veteran declines to initiate services following the application for VR&E services, exhibits unsatisfactory conduct or cooperation, as outlined in 38 CFR 21.364.
- The Veteran fails to progress in their plan of service.
- The Veteran requests all action on his or her claim to stop.
- The Veteran elects to pursue further education and is not employable.
- The Veteran reports financial or family issues that cannot be resolved with the assistance of VR&E services.

² <http://www.va.gov/health/aboutVHA.asp>

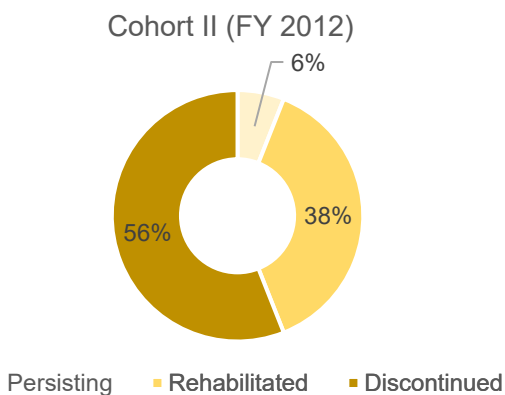
- The Veteran is recalled to active duty status.
- The Veteran dies and the case manager verifies the date of death.
- The Veteran reaches a maximum rehabilitation gain (MRG).
 - Despite classification as a discontinuance, an MRG is considered a positive outcome. Defined as a comprehensive representation of the positive impact of the rehabilitation process, Veterans who meet the criteria of an MRG are capable of acquiring suitable employment as a result of their VR&E services or are currently employed in a position that was not related to their rehabilitation plan. It is important to note the inclusion of MRGs when reviewing the discontinuance rate throughout this CMR.

Figure E-3. Percentage of Participants Who are Persisting, Rehabilitated, or Discontinued in FY 2021, by Cohort



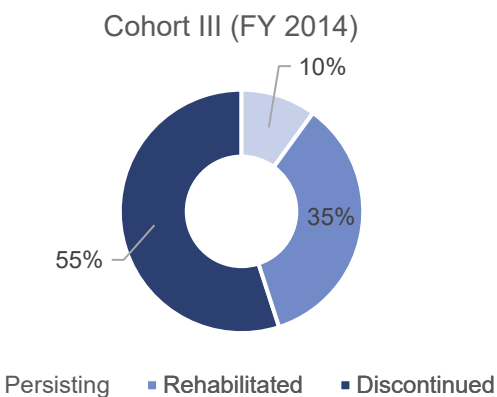
Within **12 years** of starting the VR&E program:

- 38% of Cohort I members have achieved rehabilitation
- 4% are still persisting in the steps of their rehabilitation plans
- 58% have discontinued from the program



Within **10 years** of starting the VR&E program:

- 38% of Cohort II members have achieved rehabilitation
- 6% are still persisting in the steps of their rehabilitation plans
- 56% have discontinued from the program



Within **8 years** of starting the VR&E program:

- 35% of Cohort III members have achieved rehabilitation
- 10% are still persisting in the steps of their rehabilitation plans
- 55% have discontinued from the program

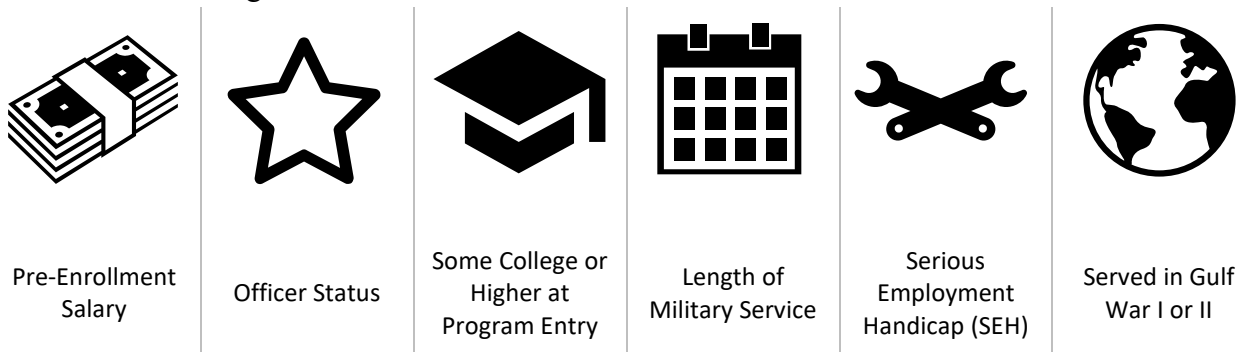
Source: VBA Administrative Data, FY 2021

Additional findings regarding Veterans who exited the program, through either rehabilitation or discontinuation, include:

- At year eight, 10% of Cohort III members were persisting in the program compared to Cohort I (12%) and Cohort II (10%).
- At year ten, Cohort II members have similar outcomes (38% of Veterans have achieved rehabilitation and 56% have discontinued) when compared with Cohort I (39% and 56%, respectively).
- At the eight-year mark, comparison of all three cohorts reveal that the more recent cohorts have slightly higher percentages of outcomes. Both Cohort II and Cohort III have seen approximately 90% of Veterans either rehabilitated or discontinued compared to only 88% for Cohort I. Cohort I and Cohort II see similar rates of program exits at year ten (94% for both Cohorts I and II).
- The majority of Veterans pursuing an Independent Living (IL) plan achieve rehabilitation within 2 – 3 years of entering the program.

This study determined the factors related to achieving rehabilitation or discontinuing from services using regression analyses. Successful completion of the VR&E program by the end of FY 2021 is associated with the factors depicted in Figure E-4: having at least some college education at program entry, having a higher pre-enrollment salary, having served as an officer, length of service, having a SEH, and having served during one of the Gulf War eras. The main factors found to be associated with successful rehabilitation are also related to the mitigation of program discontinuation by the end of FY 2021.

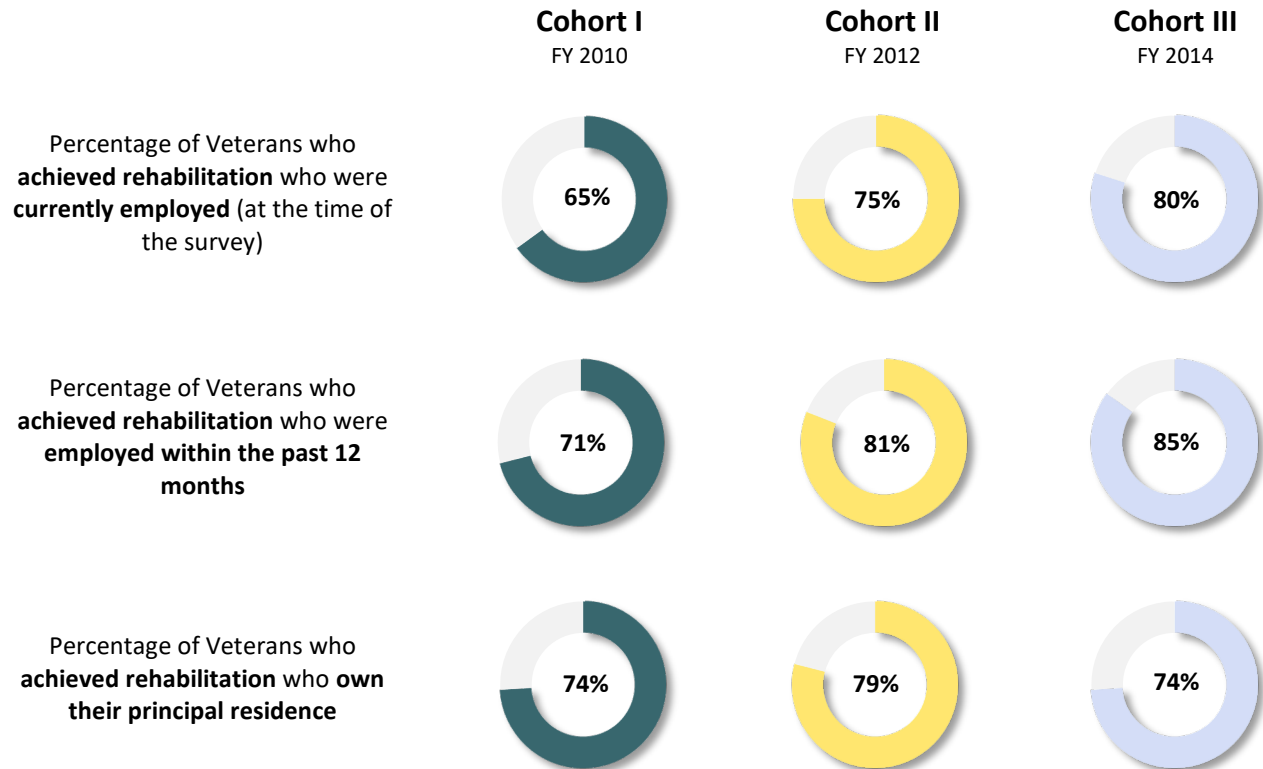
Figure E-4. Factors that Increase the Likelihood of Rehabilitation and Deter Discontinuation from the VR&E Program



EMPLOYMENT AND STANDARD OF LIVING OUTCOMES

The VR&E Longitudinal Study primarily focuses on the long-term employment and standard of living outcomes for VR&E participants after they exit the program. Therefore, analyses of employment and standard of living outcomes focus on Veterans who have exited the program, either by successfully achieving rehabilitation or discontinuing services before completing their rehabilitation plans. Figure E-5 shows employment and homeownership rates for rehabilitated participants.

Figure E-5. Rate of Employment and Homeownership from Rehabilitated Veterans



Source: VR&E Longitudinal Survey Data, FY 2021

Additional outcome-related findings from the study include:

- The rate of homeownership for rehabilitated Veterans in all cohorts is at least 74%, which is higher than homeownership for the general United States population (65.5%).³
- The rate of employment in the last year for rehabilitated Veterans is between 71 – 85%, across all three cohorts. Veterans who discontinued from services reported much lower rates of part year employment across all cohorts: 43% in Cohort I, 49% in Cohort II, and 55% in Cohort III.

³ U.S. Census Bureau. Quarterly Residential Vacancies and Homeownership, Fourth Quarter 2019. Table 4SA. Accessed April 4, 2019. <https://www.census.gov/housing/hvs/files/qtr419/Q419press.pdf>

- Veterans who achieved rehabilitation reported higher annual income when compared to Veterans who discontinued from services. On average, rehabilitated Veterans reported at least \$22,000 higher individual income and at least \$28,500 higher household income, when compared to discontinued Veterans.
- On average, Cohort II (\$70,000) has a higher annual median household income than both Cohort I (\$63,000) and Cohort III (\$67,000). For median annual individual income, Cohort II (\$55,000) and Cohort III (\$52,000) out-earn Cohort I (\$50,000).

Significant findings for the study, as of the end of FY 2021, are highlighted in Table E-2. Note that Cohort I and Cohort II have had more time to complete training and enhance their economic opportunities as compared to Cohort III. 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 discontinued.

Table E-2. Summary of Outcomes for VR&E Participants as of the End of FY 2021, by Cohort

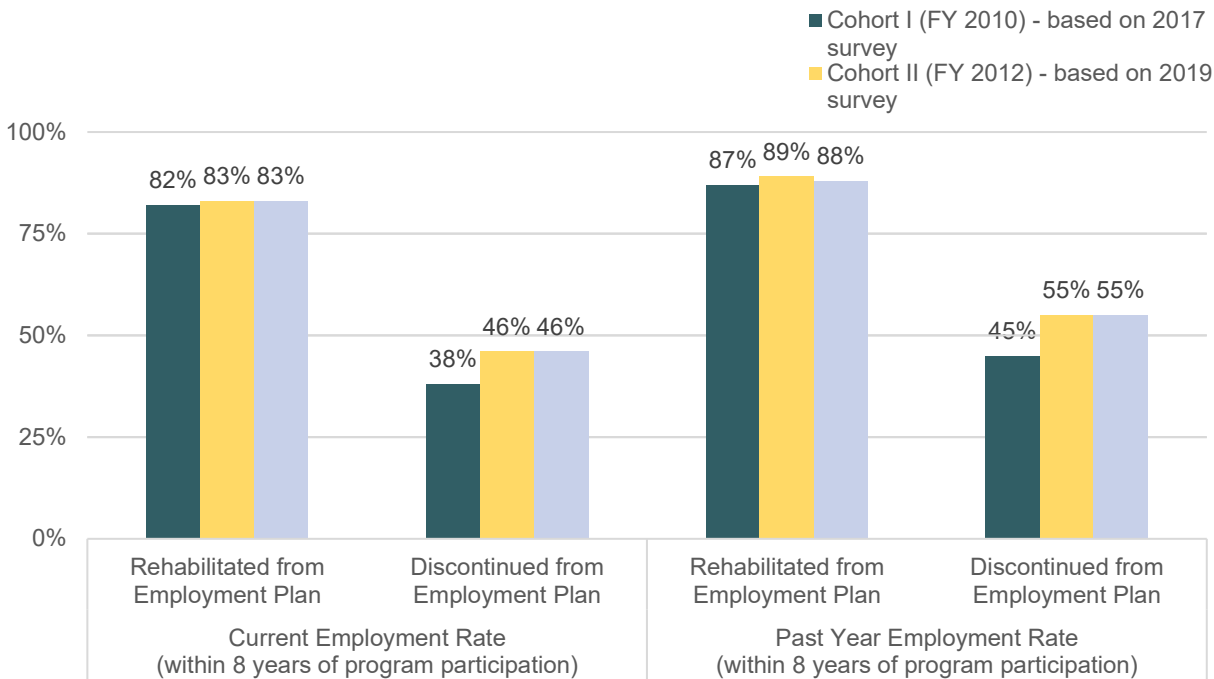
Current Observation	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Percentage of Veterans persisting in the VR&E program	4%	6%	10%
Percentage of Veterans who rehabilitated from the VR&E program	38%	38%	35%
Percentage of discontinued Veterans who were currently employed	36%	42%	46%
Percentage of discontinued Veterans who were employed within the past 12 months	43%	49%	55%
Average post rehabilitation earnings (during the past 12 months) ¹	\$60K	\$65K	\$65K
Average post discontinued earnings (during the past 12 months) ¹	\$40K	\$45K	\$42K
Percentage of Veterans with moderate or high program satisfaction	90%	89%	88%

¹Average earnings reported in the 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.

Source: VR&E Longitudinal Survey Data and VBA Administrative Data, FY 2021

Cohort outcomes are highly correlated to employment plans. Figure E-6 indicates that all three cohorts had similar rates of employment for those who were rehabilitated from an employment plan within eight years of beginning services. As expected, Veterans who discontinued from an employment plan had much lower rates of employment at the eight-year benchmark than their rehabilitated counterparts.

Figure E-6. Employment Rates **Within Eight Years** of Program Participation for VR&E Participants Who Achieved Rehabilitation or Discontinued from an Employment Plan, by Cohort

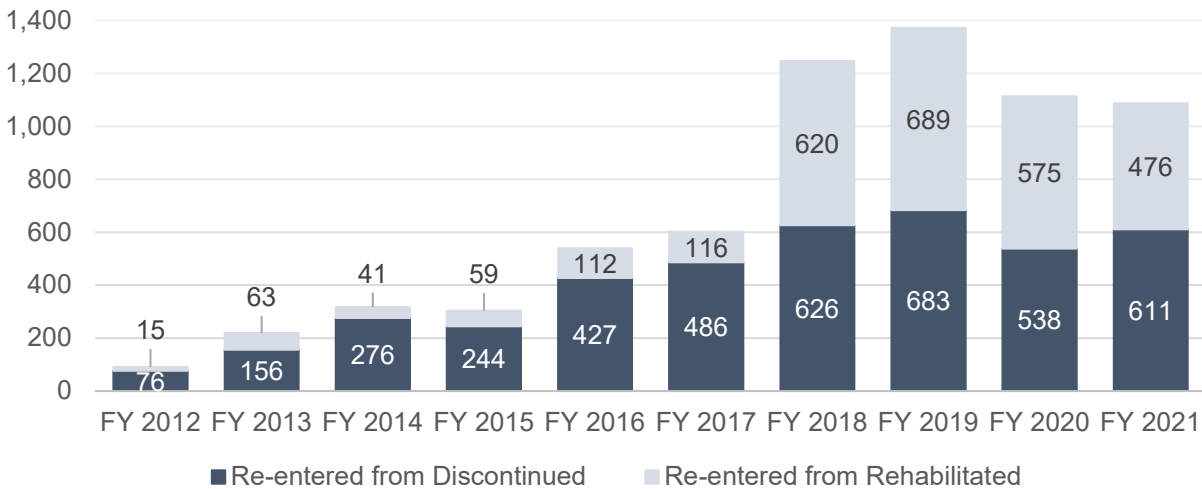


Note: Percentages (%) reported in the figure are based on survey data that has been weighted to reflect the cohort population. Current employment rate is defined as the percentage of cohort members who reported being employed as of the survey date. Past year employment rate is defined as the percentage of cohort members who reported working at any point in the past 12 months (including working currently as of the survey date).
 Source: VR&E Longitudinal Survey Data, FY 2021

PROGRAM RE-ENTRIES

The VR&E program allows Veterans who have had changes in their disability status or life circumstances to re-apply to the program. Veterans desiring to re-enter the program complete a new evaluation, and based on the results of the evaluation, Veterans may re-enter the program and develop a new plan of services. As time increases, more Veterans from all three cohorts are re-entering the program. As shown in Figure E-7, the number of re-entries has increased each year (except for FY 2015) up to FY 2019, when the largest proportion of re-entries occurred (20%). Since FY 2019, the total number of Veteran re-entries has decreased each year. As of FY 2021, more Veterans re-entered the program following a discontinuation of services compared to those who re-entered after achieving rehabilitation. As the study continues, individuals will be tracked to see if re-entering the program leads to more positive outcomes.

Figure E-7. Number of VR&E Participants who Re-entered the Program from a Discontinued or Rehabilitated Status (all Cohorts Combined)



Source: VBA Administrative Data, FY 2021

Veterans in the Longitudinal Study who re-enter the VR&E program following rehabilitation or discontinuation differ demographically from the overall cohort population. When compared to those who never re-entered the program, Veterans who re-enter the program:

- Are more likely to have a combined disability rating of 60% or higher (79% versus 72%), suggesting that disability conditions have worsened over time, thus impacting their ability to remain employed, and
- Are more likely to have a primary diagnosis of PTSD (36% versus 30%).

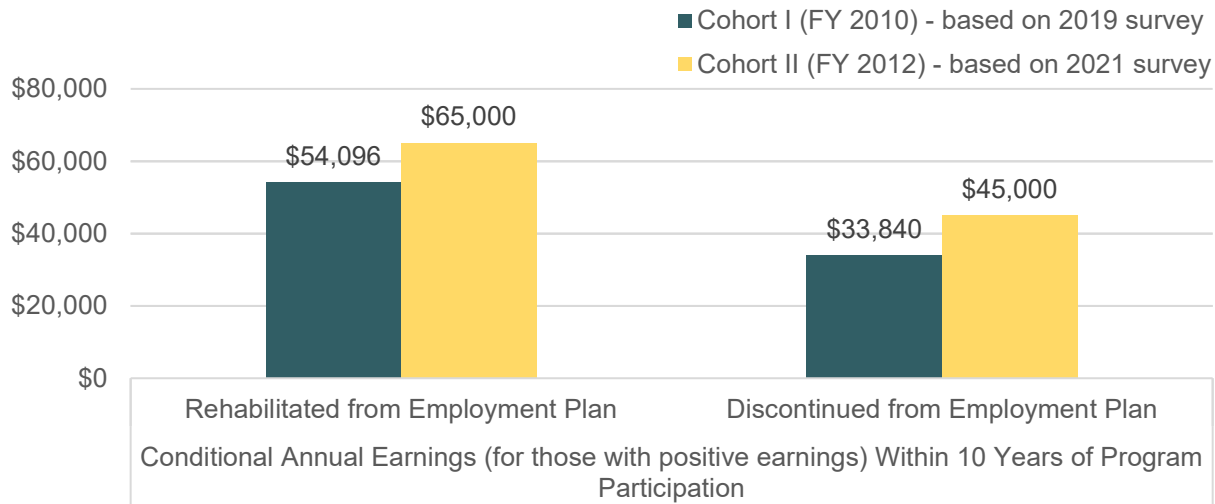
COHORT COMPARISONS

Given that each cohort has participated in the study for differing lengths of time, common elapsed periods are used for cohort comparisons. For the FY 2021 report, comparisons can be made between cohorts at two separate time periods. Cohorts I and II have both been in the study for at least ten years, and therefore outcomes between the two cohorts can be compared at the ten-year mark (FY 2019 for Cohort I and FY 2021 for Cohort II). Cohorts I, II, and III have all been in the study for at least eight years, and therefore, outcomes between all three cohorts can be compared at the eight-year mark (FY 2017, FY 2019, and FY 2021, respectively). In general, Veterans enrolled in an employment or IL track rehabilitate and discontinue from the program at similar rates for all cohorts.

Among Veterans pursuing an IL plan, at the eight-year mark, only 2–3% of Cohort II and Cohort III Veterans are still persisting compared to nearly 4% of Cohort I. A similar trend occurs for Veterans pursuing an employment track at the eight-year mark – only 11% of Cohort II and 10% of Cohort III Veterans are still persisting in their plan of services, compared to 13% of Cohort I Veterans. Median annual earnings differ between Cohort I and II Veterans who have

rehabilitated or discontinued from an employment plan within ten years. Figure E-8 reveals that Veterans in Cohort II who were rehabilitated from an employment plan earn more than their Cohort I counterparts. The difference in earnings outpaces the inflation for the two-year period from 2019 to 2021.

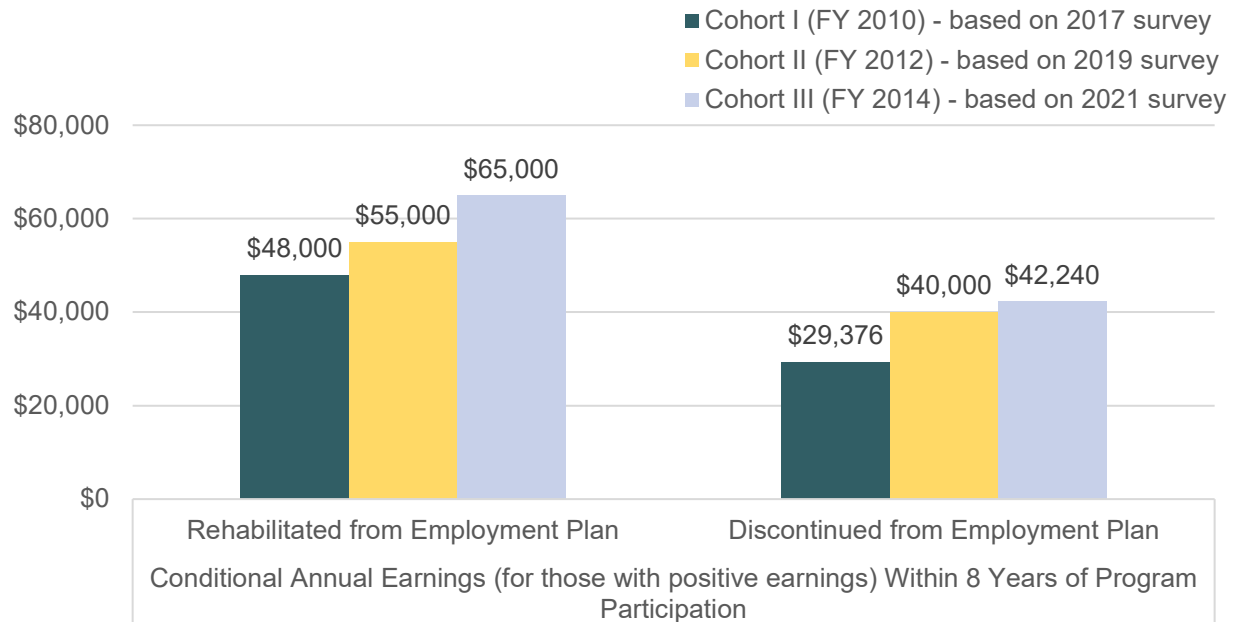
Figure E-8. Conditional Median Earnings from Employment (for Those with Positive Earnings) **Within Ten Years** of Program Participation for VR&E Participants Who Achieved Rehabilitation or Discontinued from an Employment Plan, by Cohort



Note: Amounts reported in the figure are based on survey data that has been weighted 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.
 Source: VR&E Longitudinal Survey Data, FY 2021

Figure E-9 compares the median annual earnings of Veterans across all cohorts who achieved rehabilitation or discontinued from an employment plan eight years after beginning services. Across all three cohorts, Veterans who rehabilitated from an employment plan had higher earnings within eight years compared to Veterans who discontinued.

Figure E-9. Conditional Median Earnings from Employment (for Those with Positive Earnings) **Within Eight 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 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.

Source: VR&E Longitudinal Survey Data, FY 2021

SUMMARY OF FINDINGS

Findings from this year's report parallel the most salient trends seen in previous reports. Most notably, Veterans who achieve rehabilitation have substantially better employment and standard of living outcomes than those who discontinue services. Other significant findings from this year's report include the following:

- Nearly 90% of all Veterans have moderate to high levels of satisfaction with the program.
- Despite exiting the program before completing their plan of services, 82% of discontinued Veterans across all cohorts reported moderate to high program satisfaction as of FY 2021.
- Between 72 – 75% of members of each cohort have an SEH.
- At least 72% of cohort members in each cohort have an SCD of 60% or higher compared with only 47% of the total Veteran population having an SCD of 60% or more.

- Veterans who have achieved rehabilitation reported higher annual income amounts than discontinued participants – at least \$22,000 higher for individual income and at least \$28,500 higher for household income.
- Across all cohorts, between 79 – 88% of Veterans who achieved rehabilitation from an employment plan were employed in the past year.
- On average, employment rates for Veterans who achieve rehabilitation are 33 to 36 percentage points higher than those of discontinued Veterans.
- A larger percentage of those who have achieved rehabilitation reported owning their principal residence relative to those who discontinued (Cohort I – 74% versus 68%; Cohort II – 79% versus 58%; Cohort III – 74% versus 59%).

1. OVERVIEW OF THE VETERAN READINESS AND EMPLOYMENT PROGRAM

The mission of the 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 Veteran Readiness and Employment (VR&E) program (formerly known as the Vocational Rehabilitation and Employment 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 Veterans with a service-connected disability (SCD) comprehensive services that include vocational assessment, rehabilitation planning and employment services. For Veterans with SCDs so severe that they cannot immediately consider work, the VR&E program offers services to improve their ability to live as independently as possible within their families and communities.

The VR&E program assists Veterans with SCDs and employment barriers to prepare for, obtain, and maintain suitable employment.

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

The VSOC program provides transition services to the general Veteran population during the transition from military to college life and, ultimately, to entry into employment. In the VSOC program, a Vocational Rehabilitation Counselor (VRC) is assigned to participating campuses to provide a wide range of services to Service members, Veterans, and beneficiaries, including:

- Adjustment counseling to resolve problems interfering with the completion of education programs and entrance into employment
- Vocational testing
- Educational and Career Counseling (Chapter 36)
- Expedited VR&E services
- Support with VA benefits regardless of entitlement, benefit usage or enrollment status

VRCs in the VSOC program provide eligible beneficiaries support and assistance to achieve their educational and employment goals. VSOC currently has a presence at 104 college

campuses throughout the United States, which includes public and private institutions and community colleges.

Similarly, the VR&E IDES initiative places VRCs at military installations throughout the country to assist select Service members transitioning from active duty. The VR&E IDES initiative originates from authority provided in the Wounded Warrior Act, Title XVI of the National Defense Authorization Act (NDAA) for FY 2008 (P. L. 110-181 § 1631(b)), which authorizes eligibility and entitlement to the VR&E program to severely ill or injured Service members. Through this initiative, VR&E provides onsite outreach and other services to Service members as they are transitioning from the military. The range of services VR&E provides under the IDES initiative includes:

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

Early intervention provided by IDES VRCs can help reduce uncertainty among Service members during their recovery process and provide for an easier transition into civilian careers. The Wounded Warrior Act granted temporary authority for automatic entitlement to VR&E benefits and services to Service members with severe injuries or illnesses. The Department of Veterans Affairs Expiring Authorities Act of 2018 (P. L. 115-251 § 126), made that authority permanent. As a result, automatic entitlement to VR&E benefits and services for Service members with severe injuries or illnesses may be applied continuously from this date forward to Service members who meet the automatic entitlement mentioned above.

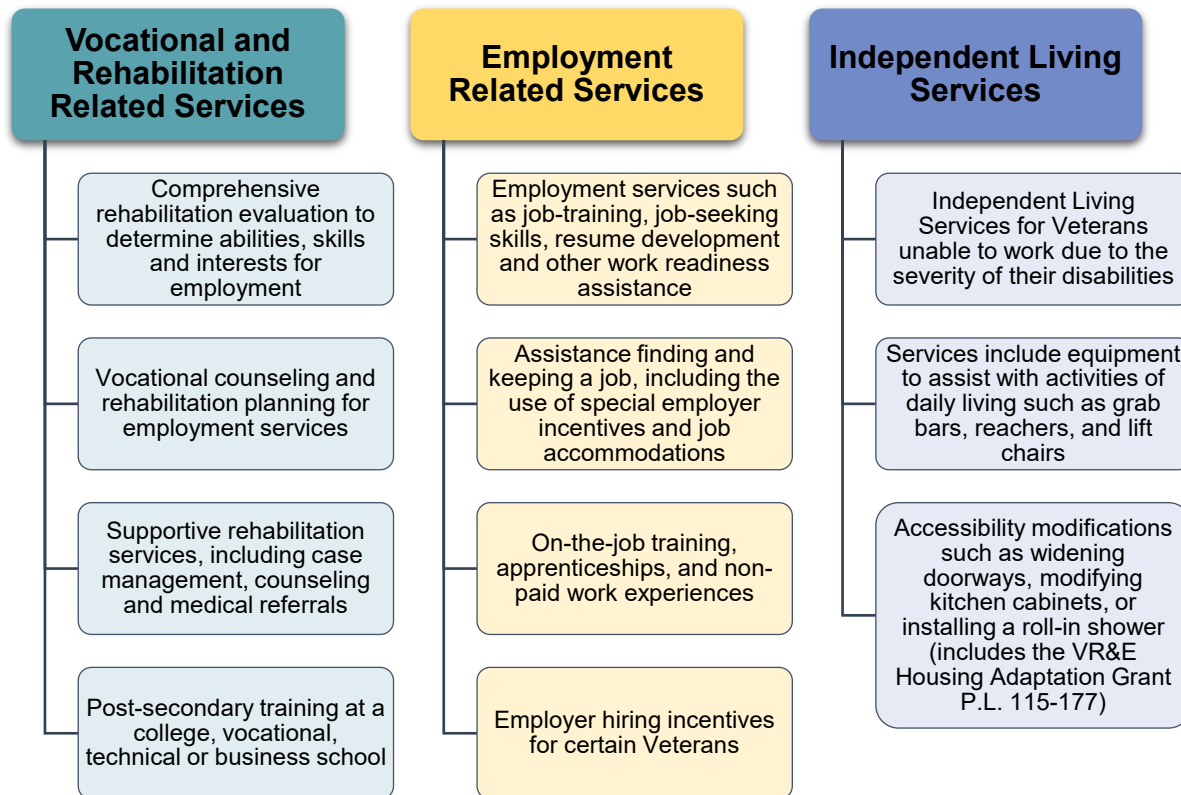
Further, section 232 of the *VOW to Hire Heroes Act of 2011* (P.L. 112-56) authorized VA to pay an incentive to employers to hire or train Veterans participating in a VR&E program, even if a Veteran has not completed a training program under VR&E.

1A. VR&E PROGRAM SERVICES

VR&E administers the following services to eligible participants in accordance with the subsequent chapters of title 38, United States Code:

Chapter 31. VR&E provides comprehensive services to Veterans and Service members who have been determined entitled to the VR&E program (see Figure 1A-1). Services include vocational assessments, training at institutions of higher learning, on-the-job training, apprenticeships, and employment services to assist with securing suitable employment. For Veterans with an SCD so severe that they cannot immediately consider work, VR&E offers services to improve their ability to live as independently as possible within their families and communities.

Figure 1A-1. Services Available Under Chapter 31



Source: https://www.benefits.va.gov/vocrehab/eligibility_and_entitlement.asp

Veterans and Service members receive identified services through one of the Five Tracks to Employment. The tracks include:

- Track 1: Re-employment
- Track 2: Rapid Access to Employment
- Track 3: Self-employment
- Track 4: Employment through Long-Term Services
- Track 5: Independent Living (IL) Services

See Figure 1A-2 for specific details of each of the tracks. Information on eligibility and entitlement determination is presented in Section 1C, The VR&E Process.

Figure 1A-2. Five VR&E Tracks to Employment



Source: Adapted from <https://www.benefits.va.gov/benefits/factsheets/serviceconnected/5tracks.pdf>

Five predominant factors drive VR&E's Chapter 31 workload: (1) the number of Veterans applying for rehabilitation benefits and services; (2) the number of Veterans who enter into the development and implementation of a rehabilitation plan; (3) the associated growth of disability claims consistent with the ongoing reduction of the claims backlog; (4) changes to the total volume of military separations due to military end strength policy; and (5) frequency/severity of service related injuries/illnesses.

Vocational assessment and evaluation activities help Veterans and their VRCs 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 are based on individual needs. The Veteran and VRC can redevelop the rehabilitation plan based on new needs or circumstances. The Veteran and VRC continue to meet for supportive services throughout the duration of the plan. Monitoring and support continue as long as the Veteran is a participant in the VR&E program. As Veterans near the completion of the objectives of his/her rehabilitation plan, the VRC must determine if the Veteran is ready to seek employment after receiving the necessary services to become suitably employed as outlined in their rehabilitation plan. This includes documentation of training completion, helping Veterans overcome barriers to the greatest extent possible and the demonstration of responsible and appropriate interaction, leading to appropriate employment acquisition skills.

When a declaration of Job Ready (JR) has been made, an employment assistance plan is written. An employment assistance plan outlines the employment services that will be provided to assist the Veteran with obtaining a suitable job. Services may include 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. While participating in an employment plan, Veterans may work with an Employment Coordinator (EC) for assistance through the job-seeking process. Once suitable employment is secured, follow-up services are provided for at least 60 days before the case is closed and rehabilitation is achieved.

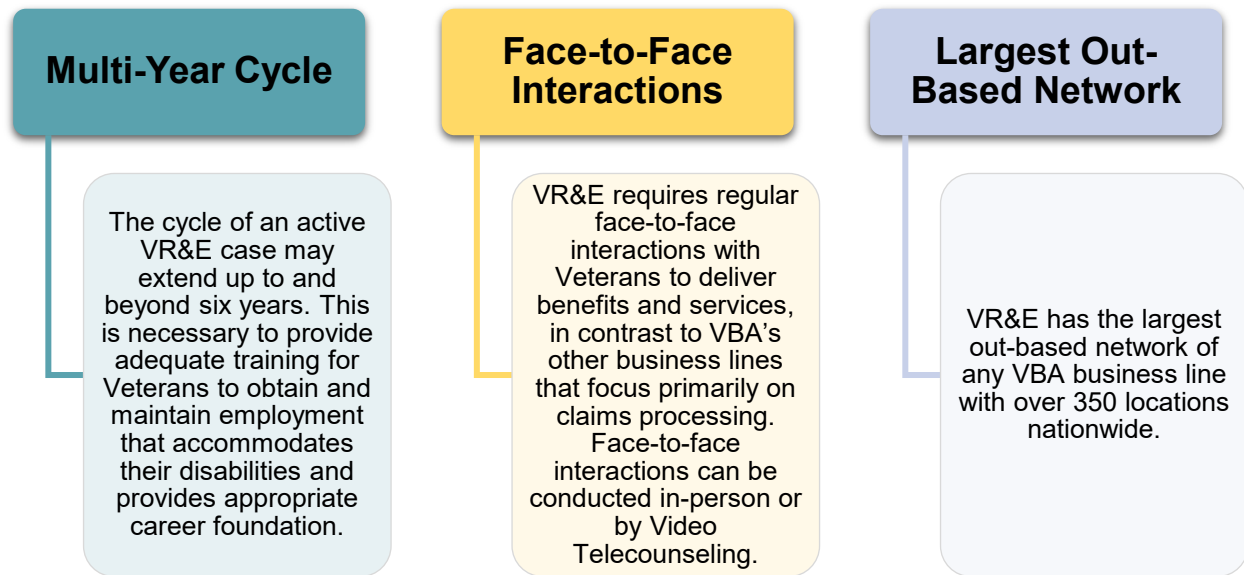
Chapter 18. VA provides monetary allowances, vocational training, rehabilitation, and VA-financed health care benefits to certain Korea and Vietnam service Veterans' birth children who have been diagnosed with spina bifida. For this program, spina bifida is defined as all forms or manifestations of spina bifida (except spina bifida occulta). Effective October 10, 2008, P.L. 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 vocational counseling services to the spouse, son or daughter of: 1) a Veteran who died or is permanently and totally disabled as a result of an SCD; 2) a Veteran who died from any cause while rated permanently and totally disabled as a result of an SCD; 3) a Service member missing in action or captured in the line of duty by a hostile force; 4) a Service member forcibly detained or interned in line of duty by a foreign government or power; or 5) a Service member 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 interest and aptitude testing, occupational exploration, setting occupational goals, identifying the appropriate 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 three benefits (Chapters 31, 18 and 35) through a decentralized service delivery network comprised of 56 VBA regional offices, the National Capital Regional Benefits Office, over 140 VR&E out-based offices, 71 IDES sites and 104 VSOC locations. As of the end of FY 2021, this network was staffed with 1,452 staff, including VRCs, ECs, support staff and managers. VR&E also has national service contracts to supplement the delivery of services. Figure 1A-3 displays the key features that distinguish the VR&E service delivery model from the service delivery strategy of VBA's other business lines.

Figure 2A-3. Three Key Features of the VR&E Service Delivery Model



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.

The legislative history in Figure 1B-1 provides context for the nature and extent of changes that have occurred 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.

The VR&E program has enacted substantive changes since its inception to be more proactive to Veteran needs, modernize benefits, and reshape eligibility rules.

Section 334 of the *Veterans' Benefits Improvement Act of 2008* (P.L. 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 that 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 benefits for active duty Service members with severe injuries or illnesses.
- 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.
- P.L. 116-140, the *Student Veteran Coronavirus Response Act of 2020* allows for two additional payments of Employment Adjustment Allowance during the period beginning on March 1, 2020 and ending on June 1, 2022.
- P.L. 115-177. Creates a new section that moved all Chapter 31 home modifications to Chapter 21's (Loan Guaranty) Specially Adapted Housing (SAH) program.
- P.L. 116-315, the *Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020* removes the eligibility termination date for Veterans with a Release from Active Duty date on or after January 1, 2013. It also provides for restoration of entitlement to Veterans whose schools were closed, or courses of education were disapproved, under certain conditions.

Figure 3B-1. Chronological History of Legislative Changes to the VR&E program



1C. THE VR&E PROCESS

Veterans with an SCD or memorandum rating, and a discharge other than dishonorable, are eligible for the VR&E program. To be entitled to VR&E services, a Veteran must have an employment handicap.

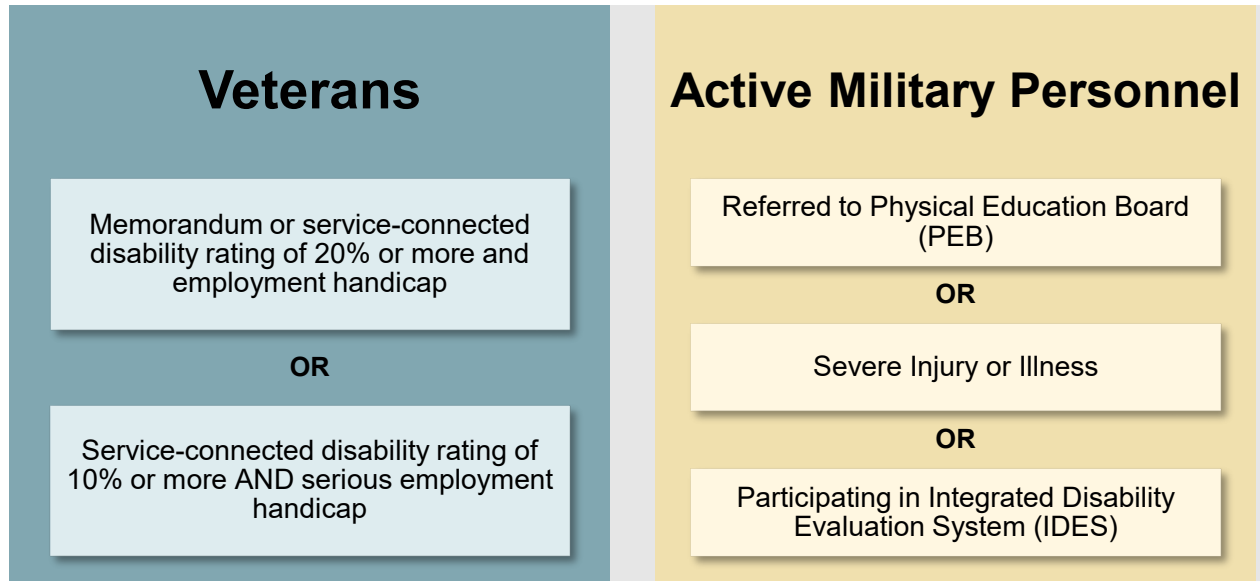
The Application Process. The VR&E process begins when a Service member or Veteran completes an application for VR&E benefits. The application can be filled out either electronically through VA.gov or a hard copy can be provided to the Regional Office. Once VA receives the application and basic eligibility is verified, a VRC meets with the Veteran to complete a vocational, medical, and academic history, including

information necessary to determine if the Veteran is entitled to services.

Basic Entitlement Criteria. The basic entitlement criteria require that a Veteran has received or will receive an honorable or other than dishonorable discharge, has an SCD and is determined to have an employment handicap (EH) in substantial part due to their SCD. An EH 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, Service members and Veterans may be found entitled to the program if they have either a memorandum rating or an SCD rating of 20% or more and an EH has been established. A memorandum rating is provided when a Veteran has not yet completed a disability compensation evaluation; however, there is sufficient information to determine that a disability rating of 20% or more likely will be granted. Veterans may also be entitled to VR&E benefits if they have an SCD rating of 10% and the VRC determines that they 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 or her abilities, aptitudes, and interests.

In addition, active duty military personnel with a severe injury or illness (generally including those referred to a PEB or participating in the IDES program) are automatically entitled to Chapter 31 benefits under Section 1631(b) P.L. 110-181, following submission of an application and meeting with a VRC.

Figure 4C-1. Entitlement Criteria for the VR&E program



Source: Adapted from https://www.benefits.va.gov/vocrehab/eligibility_and_entitlement.asp

Basic Period of Eligibility. The law provides for a 12-year basic period of eligibility in which VR&E services may be used. Veterans whose 12-year basic period of eligibility has expired may still be entitled to VR&E services if the counselor determines that they have an SEH. Effective January 5, 2021, the 12-year eligibility period does not apply to claimants who were discharged or released from active military service on or after January 1, 2013.

Entitlement Process. The VR&E entitlement process begins with orientation for Veterans and Service members, which explains the goals of the VR&E program, the entitlement process, and potential services. Testing is completed during the initial evaluation phase and may include aptitude, ability, and interest testing. Additional assessments may be required, including psychological testing and functional capacity evaluations (physical and psychological), depending on the needs and disabilities of the Veteran. In addition, the VRC may collaborate with a Veteran's VHA treating physician(s) for additional information. If it is determined that a Veteran is entitled to VR&E services and is able to work, the VRC and the Veteran review labor market information for jobs within the Veteran's identified aptitude, interests and abilities and will not aggravate the Veteran's SCD. If it is determined that a Veteran or Service member is not entitled to VR&E benefits, then the VRC will assist with any necessary referrals for other services such as referrals to state vocational rehabilitation programs, local employment agencies or other local or state training programs.

Track Identification and Writing a Rehabilitation Plan. When an appropriate vocational goal is identified, the VRC and the Veteran review the Five VR&E Tracks of Service to identify which track is the most appropriate for service delivery to the Veteran. The VRC and the Veteran then develop a rehabilitation plan to assist the Veteran with preparing to meet the requirements of the job. For example, if the Employment through Long-Term Services track is identified, then

a rehabilitation plan will be written to meet the unique needs of the individual Veteran. Training services may include tuition, fees, books, supplies, and subsistence allowance. Veterans may also receive tutoring, adaptive equipment, referrals to VHA for medical, dental, or mental health

services and other services as needed. Rehabilitation plans written for all tracks may be revisited and redeveloped as needs or circumstances of a Veteran change. VRCs and Veterans are in regular contact while a Veteran participates in VR&E services. Contact may include face-to-face meetings, tele-counseling, phone calls and email communications.

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

Job Ready Services. As a Veteran nears the completion of the objectives of his/her rehabilitation plan, the VRC must determine if the Veteran is ready to seek employment. This process includes documenting the completion of training, verifying that the Veteran has overcome barriers to the greatest extent possible and the demonstration of responsible and appropriate interaction and behavior. When a declaration of JR has been made, an employment assistance plan is written, and the Veteran is placed in JR status.

An employment assistance plan outlines the employment services that will be provided to assist the Veteran with obtaining a suitable job. Services may include 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. While participating in an employment plan, Veteran's work with an EC for assistance through the job-seeking process. Once suitable employment is secured, follow-up services are provided for at least 60 days before the case is closed and rehabilitation is achieved. The law provides for a total of 18 months to be utilized for employment services, although a Veteran may not need to exhaust the full 18 months to secure employment.

Extended Evaluation Plans and Independent Living Services. Some Veterans have disabilities so severe that the achievement of a vocational goal is not currently reasonably feasible, or the feasibility of a goal cannot be determined without further evaluation. If the feasibility of the achievement of a vocational goal cannot be determined, then the Veteran may enter a plan for an extended evaluation to participate in additional assessments. A Veteran may participate in an extended evaluation initially for 12 months. An additional two six-month periods may also be approved if there is reasonable certainty that feasibility can be determined. Upon completion of an extended evaluation, a Veteran may either continue with services to pursue a vocational goal or be assessed for IL services if pursuing employment is not currently reasonably feasible. If IL needs are identified, then a plan for services may be written. If it is determined that a vocational goal is not feasible, and no IL needs are identified, then the Veteran will exit the program. As circumstances change, a Veteran may re-apply for VR&E benefits.

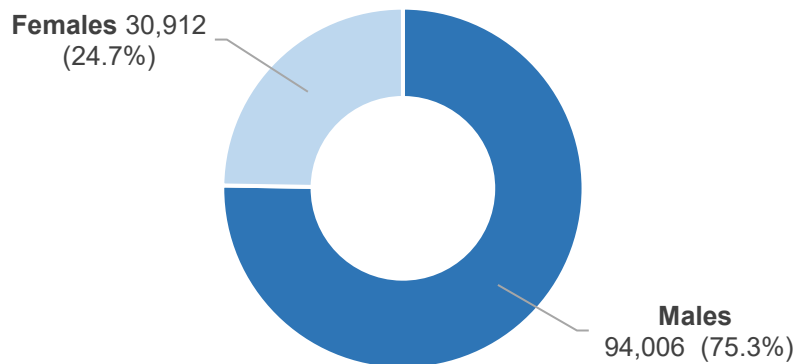
On June 1, 2018, P.L. 115-177 created a new grant authority referred to as the VR&E Housing Adaptation Grant. This grant moves the delivery of home adaptations determined necessary to improve the independence of VR&E program participants to the authority of Loan Guaranty Service, specifically the Specially Adapted Housing (SAH) program. The resulting partnership has reduced costs, improved timeliness, and increased the participation of VR&E participation of applicants using the VR&E home adaptation grant and safety accessing their home. In addition, the expertise and experience of SAH agents helps to guide and improve the construction and home adaptation process. Use of the VR&E Housing Adaptation Grant counts toward the maximum six-time use rule for traditional SAH grants.

1D. VR&E PROGRAM PARTICIPANTS AS OF FY 2021

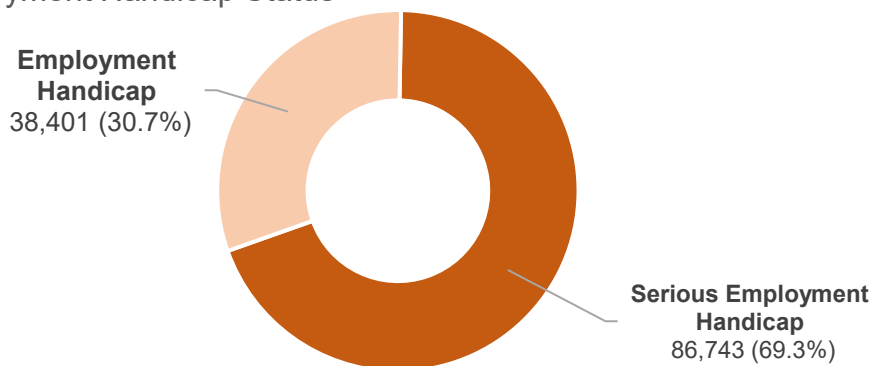
A review of the entire population of Veterans who participated in some manner in the VR&E program during FY 2021 provides context for the findings of the Longitudinal Study. In FY 2021, VR&E had 125,144 Veterans who participated in a rehabilitation plan, including those who began a plan in that year or previous years. Figure 1D-1 shows the number of male and female Veterans who participated in the VR&E program for all or part of FY 2021, the number of participating Veterans who had an EH or an SEH, and the Period of Service distribution.

Figure 1D-1. Veterans who Received VR&E Benefits for All or Part of FY 2021

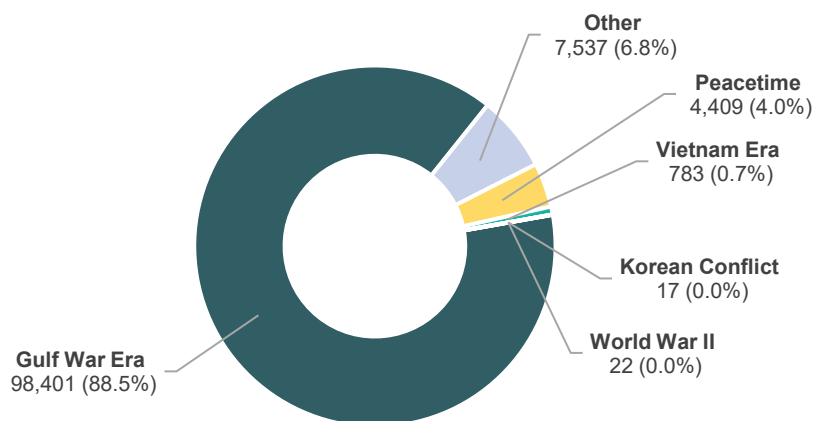
Gender



Serious Employment Handicap Status



Period of Service



Source: Department of Veterans Affairs, VBA Annual Benefits Report, 2021

Male Veterans comprised 75.3% of the VR&E program in FY 2021, and female Veterans comprised 24.7%. The percentage of VR&E participants who are female is consistent with the representation of female Service members and Veterans who have served since the Gulf War Era. This is also consistent with the percentage of female Veterans who have participated in the Post-9/11 GI Bill (30%)⁴. Nearly 70% of Veterans participating in VR&E have an SEH

The majority of VR&E program participants follow the Employment through Long-Term Services track.

(meaning the significant impairment is associated with the SCD). When participating in the program, these Veterans may receive additional supportive services, which may include extensions of entitlement, adaptive equipment, IL services, and/or other assistance.

As a Veteran nears completion of his or her rehabilitation plan, he or she enters JR status. While in JR status, the Veteran works with a counselor or EC to obtain a suitable job, adjusts to that new job, and once the job is stable, receives follow-up support for a minimum of 60 days. In certain circumstances, follow-up support may exceed 60 days in order to address the needs of a Veteran with severe disabilities or to determine the suitability of a job. On average, VR&E participants were in JR status for 144 days, as of the end of FY 2021.

Most of the Veterans participating in a plan of services are in the Employment through Long-Term Services track and receive subsistence allowance. Subsistence allowance is paid each month during training and is based on the rate of attendance (for example, full-time or part-time), the number of dependents and the type of training. In accordance with 38 U.S.C. § 3108(b)(4), a Veteran participating in the VR&E program who is also entitled to the Chapter 33 Post-9/11 GI Bill may elect to receive the Post-9/11 rate instead of the VR&E rate. The Post-9/11 rate is usually higher than the VR&E subsistence allowance rate and is based on the basic allowance for housing rates. Table 1D-1 shows the number of Veterans who received subsistence payments as part of a vocational training program in FY 2021.

71% of overall Veterans in the VR&E program received a subsistence allowance for additional education or training in FY 2021.

⁴ Source: Department of Veterans Affairs, VBA Annual Benefits Report: Education, 2020.

Table 1D-1. Veterans Who Received Subsistence as Part of a Training Program during FY 2021

Training Program	#	%
Subtotal – Educational program at an Institution of Higher Learning	80,851	91.0%
Undergraduate school	61,792	69.5%
Graduate school	16,612	18.7%
College, non-degree	2,447	2.8%
Subtotal – Vocational/Apprenticeship, on-the-job training or other training program	7,406	8.3%
Vocational or technical	5,315	6.0%
Non-paid work experience in a government agency	482	0.5%
Paid on-job training	231	0.3%
Apprenticeship	309	0.3%
Improvement of rehab potential	952	1.1%
Farm co-op	90	0.1%
High school	0	0.0%
Non-paid on-job training	27	0.03%
Extended evaluation/Independent Living program	631	0.7%
Total¹	88,888	100%

¹This number only represents participants during FY 2021 in receipt of a subsistence allowance, a subset of total participants.
Source: Department of Veterans Affairs, VBA Annual Benefits Report, 2021.

Veterans who did not receive a subsistence allowance during the fiscal year received other forms of rehabilitation services. Other non-subsistence allowance services include IL services, career counseling, medical referrals, job search assistance, job accommodation services, and non-training evaluation services such as assistive technology evaluations.

In FY 2021, the VR&E program used the appropriations listed in Table 1D-2 to support the vocational rehabilitation of Veterans. The total appropriation of \$1,697,106,000 represents a 1% increase over FY 2020.

Table 1D-2. FY 2021 VR&E Appropriations

Appropriation		2021 Actual
General operating expenses (salaries, rent, other services, travel, etc.)		\$278,057,000
Readjustment benefits	Subsistence allowance paid to Veterans	\$591,129,000
	Vocational training paid on behalf of Veterans (tuition, books, supplies, fees, etc.)	\$827,920,000
Total		\$1,697,106,000

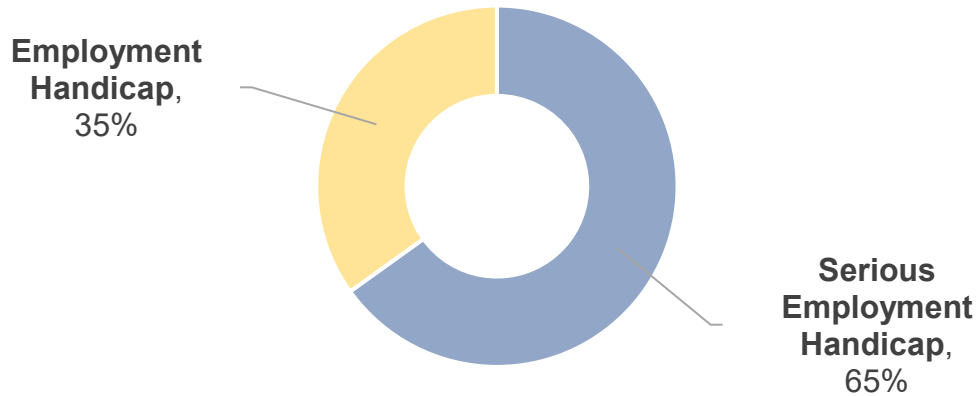
Source: Department of Veterans Affairs, President's Budget Request Fiscal Year 2023

1E. VR&E PROGRAM PARTICIPANTS WITH SUCCESSFUL REHABILITATIONS

Of the Veterans who participated in the VR&E program in FY 2021, there were 11,888 Veterans who successfully completed their rehabilitation plans at some point during the year. It is important to note that Veterans who have achieved rehabilitation in FY 2021 entered the program at different points in time.

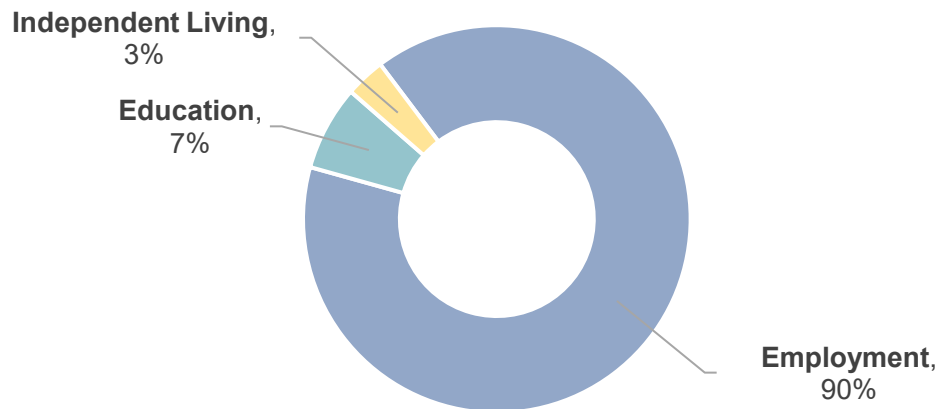
As shown in Figure 1E-1, Veterans who have an SEH represent 65% of the successfully rehabilitated closures in FY 2021. Almost 90% (10,651) of the successful rehabilitation closures in FY 2021 included Veterans who obtained and maintained employment (see Figure 1E-2). Another 7% of the successful closures that occurred in FY 2021 included Veterans who are employable but elected to pursue continuing education instead of immediate suitable employment. The remaining 3% (389) of rehabilitations were Veterans who received IL services. IL services assist Veterans with disabilities to develop the capacity to live as independently as possible within their homes and communities.

Figure 1E-1. Rehabilitation Outcomes by Employment Handicap, FY 2021 (N = 11,888)



Source: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2021

Figure 1E-2. Types of Rehabilitation Outcomes, FY 2021 (N = 11,888)



Source: Department of Veterans Affairs, Veterans Benefits Administration Annual Benefits Report 2021

The law provides 24 months to complete an IL plan. If needed, extensions may be provided for up to a total of 30 months. For Post-9/11 Veterans, additional extensions may be approved to ensure the most severely injured Veterans are able to achieve successful rehabilitation outcomes.

Of the 11,499 Veterans who successfully completed rehabilitation plans not related to IL, about 96% began full-time employment. The remaining 4% pursued part-time employment, volunteer opportunities or additional education. More than 85% of the Veterans who have achieved rehabilitation and who began full-time employment obtained professional, technical or

managerial jobs in FY 2021 (see Table 1E-1). Another 8% began a career in the machine trades (3%), services (3%) or clerical (2%) industries.

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 2021 was \$54,787. Of the 85% (9,354) taking a professional, technical, and managerial position, the average annual wage was \$59,380, which is above the average for the entire group. For the remaining 15% (1,635) of Veterans who began full-time employment in service, clerical, machine trades, structural trades, or other occupations, the average annual wage ranged from \$41,269 to \$50,030.

To put these salaries in context, a comparison is made between the average annual post-rehabilitation employment wages of Veterans who have achieved rehabilitation to the average annual wage for all Americans. In May 2021, the average annual wage of Americans in all occupations was \$58,260⁵. 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.

⁵ Source: [May 2021 National Occupational Employment and Wage Estimates \(bls.gov\)](https://www.bls.gov/oes/current/oes_nat.htm), https://www.bls.gov/oes/current/oes_nat.htm

Table 1E-1. Career Categories of Veterans who Achieved Rehabilitation FY 2021

FY 2021 Career Categories of Veterans Who Achieved Rehabilitation	Veterans		Average Annual Wages at Rehabilitation
	#	%	
Professional, Technical and Managerial	9,354	85.1%	\$59,380
Machine Trades	327	3.0%	\$44,186
Service	325	3.0%	\$41,269
Clerical	272	2.5%	\$43,203
Miscellaneous	312	2.8%	\$47,899
Other (Below 2% Each Category) ¹	399	3.6%	\$50,030
Total Veterans with Full-Time Wages and National Average Annual Wage at Rehabilitation		10,989²	\$54,787
Rehabilitations without full-time wages		510 ³	--
Total		11,499	--

¹ Includes careers in building, sales, agriculture, fishery and forestry and processing (for example, butcher, meat processor, etc.)

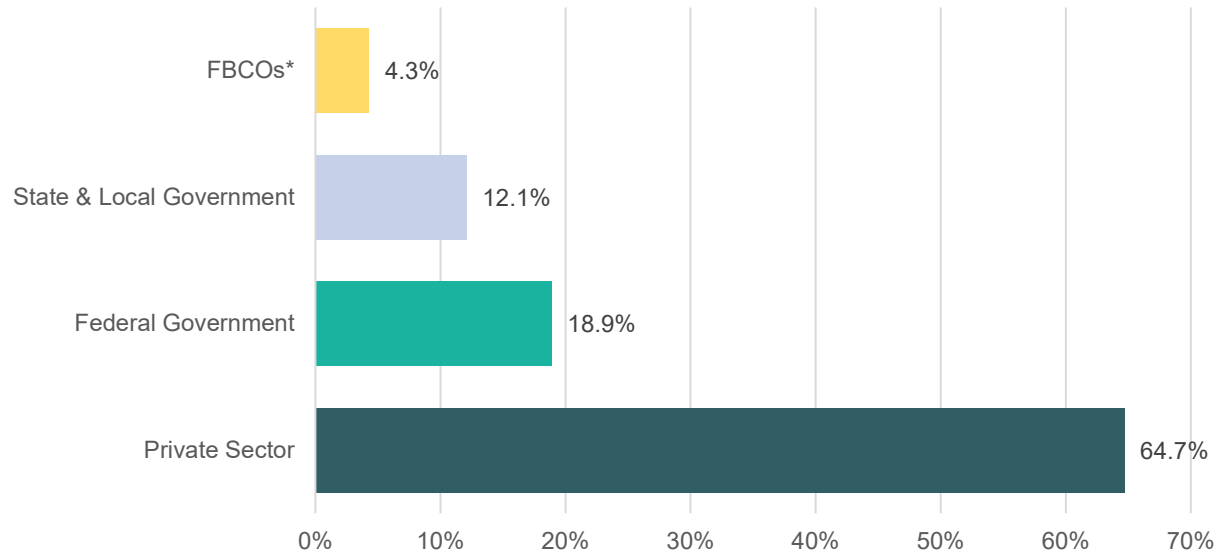
² Excludes Veterans in the IL track who have achieved rehabilitation and those Veterans who have achieved rehabilitation from an employment plan but pursued part-time employment, volunteer work or additional education.

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

Source: Department of Veterans Affairs, VBA Annual Benefits Report, 2021

Veterans who successfully completed employment rehabilitation plans in FY 2021 became employed in a wide variety of career sectors (see Figure 1E-3). Almost two-thirds were employed in the private sector (65%), with the next largest sectors being federal government (19%) and state and local government (12%). The remaining 4% were employed in other sectors, including faith-based community organizations.

Figure 1E-3. FY 2021 Career Sectors of Veterans who Achieved Rehabilitation (%)



* Faith-Based Community Organizations

Source: Department of Veterans Affairs, VBA Annual Benefits Report, 2021

In FY 2021, VR&E provided services to 125,144 Veterans, including those who began a plan in that year or previous years. Over 10,600 Veterans were placed in full-time employment this year, earning an average annual wage of \$54,787. The remainder of this report analyzes the outcomes of VR&E participants that applied for and entered a plan of services in FY 2010, FY 2012, and FY 2014.

2. VR&E LONGITUDINAL STUDY

In 2008, the *Veterans' Benefits Improvement Act of 2008* (P.L. 110-389) was enacted into law to improve and enhance compensation and pension, housing, labor and education and insurance benefits for Veterans. Section 334 of this law added a requirement for a 20-year longitudinal study 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.

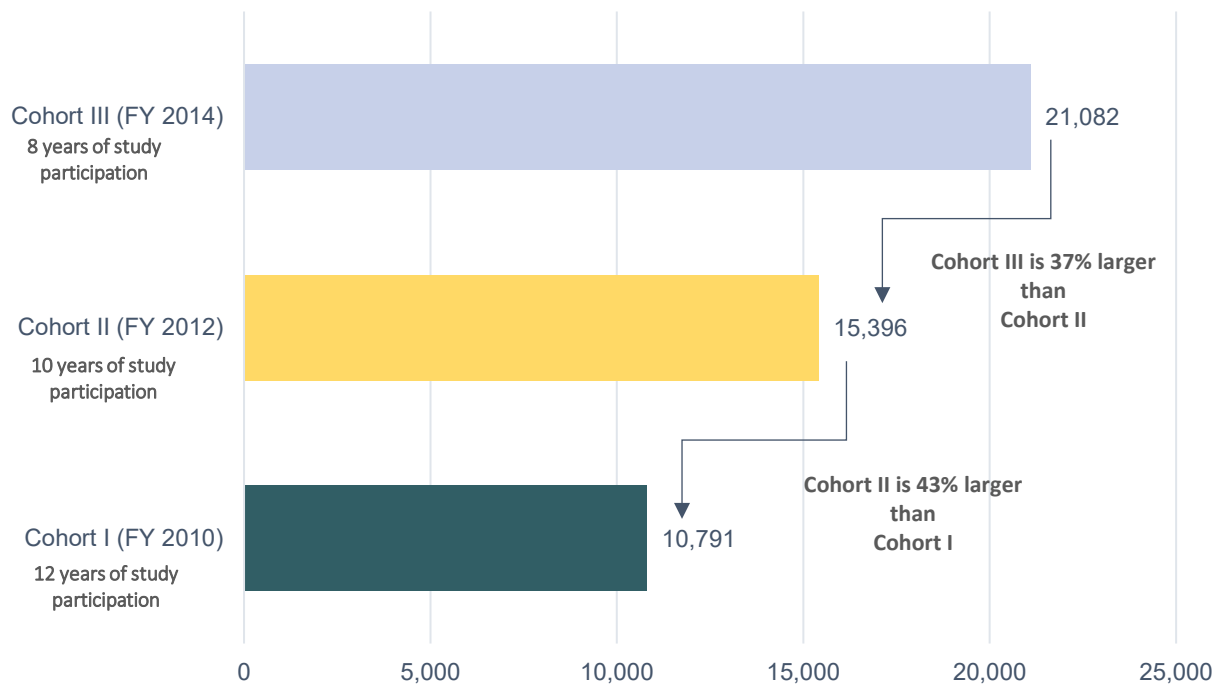
Figure 2-1. Section 334 of the Veterans' Benefits Improvement Act of 2008 Requiring VA to Conduct a Longitudinal Study of the VR&E program

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:
 - i. Individuals who begin participating in a vocational rehabilitation program under this chapter during FY 2010.
 - ii. Individuals who begin participating in such a program during FY 2012.
 - iii. 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 three 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, 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). As of the end of FY 2021, members of Cohort I have been participating in the VR&E Longitudinal Study for almost 12 years, and Cohort II members have been in the study for almost 10 years. Cohort III participants have the shortest study tenure as of the end of FY 2021, with a study participation period of up to 8 years.

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



Source: VBA Administrative Data, FY 2021

This report describes each cohort’s demographic and program characteristics and assesses the outcomes-to-date as of FY 2021.

Per the United States Government Accountability Office (GAO) Study 14-61, Veterans often require six years or more to complete training and obtain suitable employment.

For each cohort, a proportion of members have completed their plans (that is, 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. 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 requested to discontinue

their plans. Findings related to outcomes are presented by program participation status (persisting, rehabilitated or discontinued) (see Figure 2-3) as of the end of FY 2021. More details on the study methodology are provided in the next section.

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



2A. INTRODUCTION TO THE VR&E 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, homeownership, and use of supplemental public programs, such as unemployment, Social Security or other public assistance. Results of this study are intended to improve the quality of services that the VR&E program provides to Veterans.

Section 334 of P.L. 110-389 requires VA to report to Congress annually on 16 specific data elements. The 16 data elements include specific outcome measures to be assessed and nine 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, and specific table, figure, or appendix that provides the data as of the end of FY 2021.

The study focuses on long-term post-program outcomes such as:

- **Employment** – Months employed and starting and ending salary for the current study year.
- **Income** – Average annual and total household income.
- **Homeownership** – Percent of Veterans who own their principal residences.
- **Use of public programs** – Types of Social Security and unemployment benefits Veterans receive.

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 (persisting, rehabilitated, and discontinued). Observed differences among subgroups within each cohort are examined further 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, regression modeling is used to identify the individual and program characteristics associated with program satisfaction and exiting the program.

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

Domain	Measure	Source of Data	Report Location for FY 2021 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	Administrative Data	Figure 3C-1 & Appendix G, Table G-1
	The average number of months such individuals served on active duty	Administrative Data	Figure 3B-3
	The distribution of disability ratings of such individuals	Administrative Data	Figure 3B-3
	The types of other benefits administered by the Secretary received by such individuals	Administrative Data	Figure 3B-5
	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 Data	Figure 3B-6
	The average number of academic credit hours, degrees and certificates obtained by such individuals during the year	Survey Data	Figure 3B-6
	The average number of visits such individuals made to Department medical facilities during the year	Survey Data	Figure 3B-5
	The average number of visits such individuals made to non-Department medical facilities during the year	Survey Data	Figure 3B-5
	The average number of dependents of each such Veteran	Survey Data	Figure 3B-3
Employment	The average number of months such individuals were employed during the year	Survey Data	Appendix H, tables H-3a through H-3c
	The average annual starting and ending salaries of such individuals who were employed during the year ¹	Administrative Data	Appendix H
Income	The average annual income of such individuals	Survey Data	Appendix H
	The average total household income of such individuals for the year	Survey Data	Appendix H
Homeownership	The percentage of such individuals who own their principal residences	Survey Data	Figure 3D-1
Use of Other	The types of Social Security benefits received by such individuals	Survey Data	Appendix H, tables H-9a through H-9e.

Domain	Measure	Source of Data	Report Location for FY 2021 Data
Public Program Benefits	Any unemployment benefits received by such individuals	Survey and Administrative Data	Figure 3D-1

Note: A copy of Section 334 of P.L. 110-389 is included in Appendix A.

1 Due to survey limitations, findings are based on pre-rehabilitation and post-rehabilitation salaries for individuals who completed a VR&E rehabilitation plan from an employment track. Future survey administrations will capture the annual starting and ending salaries of individuals who were employed during the year.

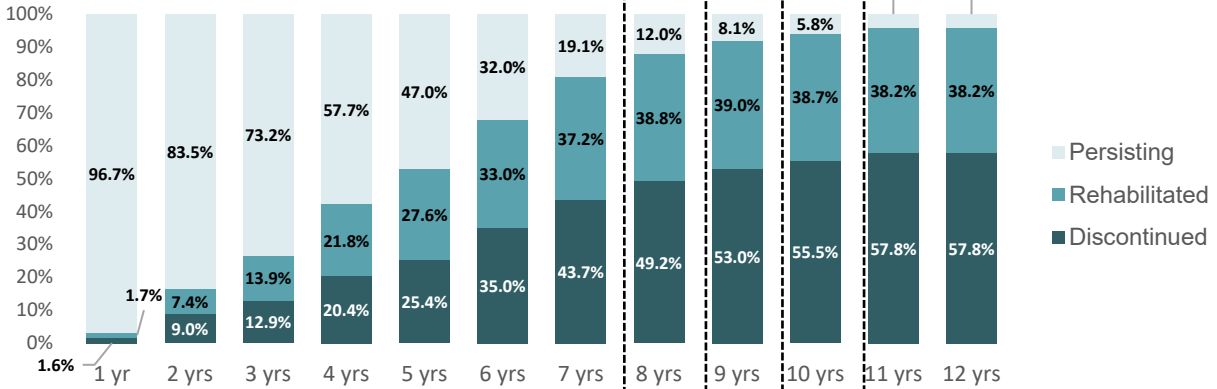
Source: Table adapted from Section 334 of P.L. 110-389

A similar strategy of first conducting descriptive analysis and then using regression analysis to identify key factors associated with the long-term post-program outcomes of interest was followed. Current differences and trends over time in employment, income, homeownership, 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, regression modeling is used to determine the factors that are associated with long-term post-program outcomes.

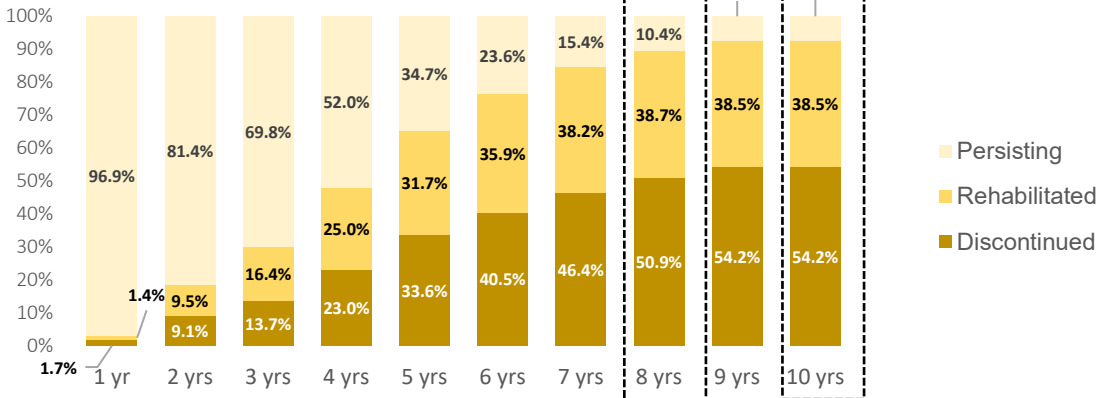
At the end of FY 2021, Veterans in Cohorts I, II, and III have been pursuing the objectives of their individualized rehabilitation plan for up to 12, 10, and 8 years, respectively. Because the members of the three cohorts have entered the study at different points in time and are at various stages of pursuing the objectives of their rehabilitation plans, comparisons across cohorts cannot be made for end of the year outcomes (as of the end of FY 2021). Instead, cohort comparisons are examined for similar periods, specifically where cohorts have reached the same point in the program since entering the study. Figure 2A-1 shows that because Cohort II (FY 2012) members have been in the program for up to ten years, ten-year outcomes can be compared for Cohort II members with the tenth-year outcomes for Cohort I (FY 2010) members. Similarly, eight-year outcomes can be compared across all three cohorts. Eight-year outcomes only provide preliminary findings for this study. A detailed comparison of outcomes at these points can be found in Section 3F of this report. These findings are still considered preliminary as Veterans in the program face complex issues and may take longer to achieve rehabilitation.

Figure 2A-1. Cohort Appropriate Comparison Points

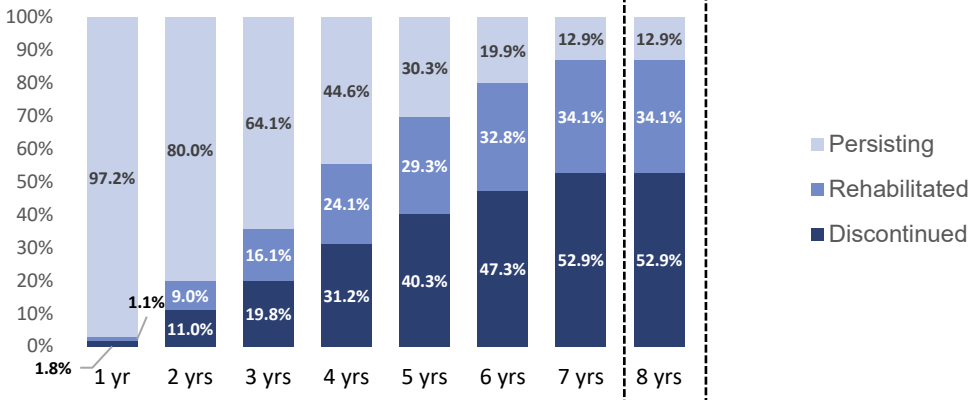
Cohort I (FY 2010)



Cohort II (FY 2012)



Cohort III (FY 2014)



Source: VBA Administrative Data, FY 2021

2B. DATA SOURCES USED FOR THE VR&E 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) administrative data. Details about the survey methodology are included in Appendix B.

Main data sources for the VR&E Longitudinal Study:

- Survey Data
- VBA Administrative Data

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

Findings reported in the first two years of the VR&E Longitudinal Study (2010 and 2011 report) were based on available 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 year⁶. The initial survey for Cohort III was administered in 2015 with annual follow-up surveys every subsequent year. For this current report, data collection began in December 2021, which was the ninth annual follow-up survey for Cohorts I and II, and the seventh annual follow-up for Cohort III.

At the end of the full 20-year study period, each cohort must have a survey sample size that will provide enough statistical power to detect significant changes over time and detect statistically significant differences between specific subpopulations of interest. A final survey sample of 1,190 still participating Veterans in each cohort at the end of the 20 years will ensure sufficient statistical power to conduct meaningful analyses. To ensure a statistically valid sample at the end of the 20-year period, the survey sampling plan was designed to yield 3,500 completed surveys from each cohort during the initial year of survey 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. The respondents who completed the initial survey were the starting sample for the

⁶ 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 the 2015 survey year, a \$10 incentive was provided to survey respondents. The incentive was not offered for the 2016, 2017, 2018, 2019, 2020 or this year's survey.

20-year longitudinal follow-up and comprised the starting sample for the FY 2021 survey administration.

Over time, nearly 4% of Veterans across all cohorts have asked to be removed from the survey. In response to these opt-outs, additional Veterans were sampled for the annual survey beginning in FY 2020 to ensure statistically valid results for the remaining years of the study. The refreshed sample for FY 2020 (and again used in FY 2021) included all Cohort I and II Veterans who did not explicitly refuse to participate (essentially, censusing Cohorts I and II); and a sample of Cohort III members (consisting of those who were invited to participate in the initial survey and a subsample of those who were not invited to participate in the initial survey). Cohort III is substantially larger than both Cohort I and II, therefore, a refresh of the Cohort III sample does not need to include the entire cohort to achieve the desired target for statistical power. As a result, Cohort III maintains a reserve of available sample.⁷ Table 2B-1 provides a summary of available sample and survey completions by cohort.

Table 2B-1. VR&E Longitudinal Survey Completions during FY 2021 Administration

Respondent Type	Ninth Annual Follow-up Survey		Seventh Annual Follow-up Survey
	Cohort I (FY 2010)	Cohort II (FY 2012)	Cohort III (FY 2014)
Cohort population ¹	10,791	15,396	21,082
Total initial survey respondents	3,710	3,636	4,102
Eligible potential respondents for FY 2021 survey	9,526¹	14,096¹	10,543²
Final refusals from FY 2021 survey ³	229	217	129
FY 2021 survey non-respondents	7,593	11,433	8,433
FY 2021 survey respondents (completed surveys)	1,759	2,505	2,021
Web survey	736	1,092	967
Mail survey	533	671	482
Telephone survey	490	742	572
Response rate	18.5%	17.8%	19.2%

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 ninth annual follow-up. In addition, 17,846 Veterans were added to the survey sample for Cohorts I and II in FY 2020.

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. In addition, 7,082 Veterans were added to the survey sample for Cohort III in FY 2020.

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.

⁷ Appendix E includes details on the procedures used for survey non-response weighting.

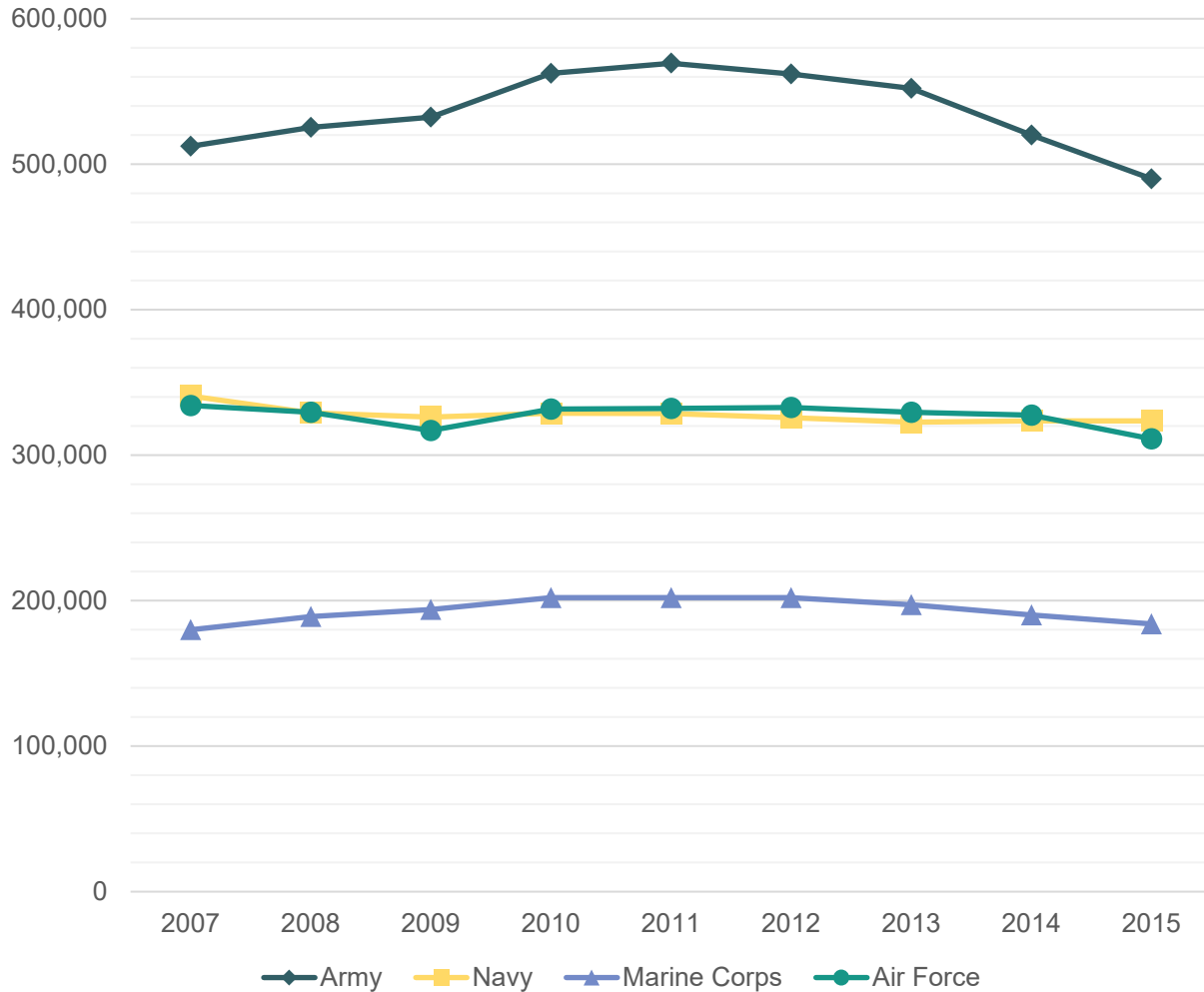
Source: VR&E Longitudinal Survey Data, FY 2021

2C. POLICY AND ENVIRONMENTAL CONDITIONS AT COHORT ENTRY

Many factors 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 VRC determines that a Service member or Veteran is entitled to VR&E benefits, personal factors, such as their ability, aptitude, and interest, will be assessed to help determine 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. External factors also play a role, such as underlying policy and environmental conditions, which can affect program participation and subsequent employment outcomes. These conditions interact with 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. Note that this section provides information about Veterans at the time of entry into the program only. Therefore, this section does not contain information beyond FY 2015, as all cohort Veterans in the study were already enrolled in the VR&E program.

Changes in Number of Potential Eligible Veterans. Both the number of Service members separating from the military and the number of Veterans determined to have an SCD 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. Figure 2C-1 shows the NDAA-authorized end strength levels in FY 2007 through FY 2015 for each fiscal year. In general, between FY 2007 and FY 2011, end strength levels grew, peaking at just under one and one-half million Service members. Since then, end strength levels have declined.

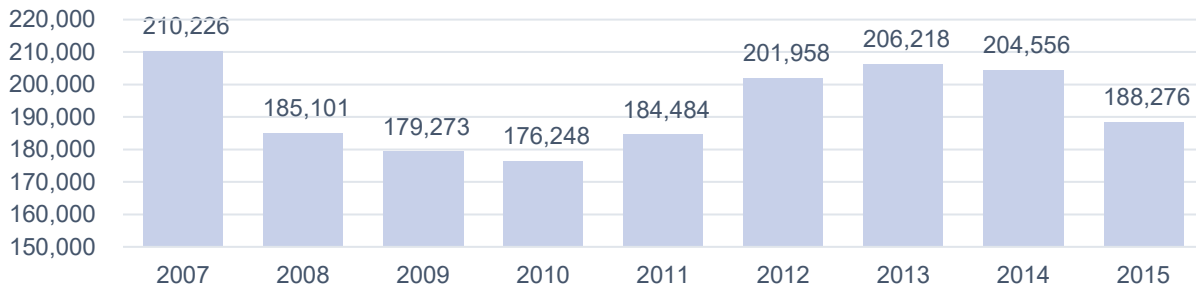
Figure 2C-1. End Strength Levels Authorized in the National Defense Authorization Act, FY 2007 – FY 2015



Source: NDAA for FY 2007 through FY 2015

The declining active duty end strength numbers stem from military policy and budgetary decisions. The U.S. military completed its withdrawal of troops from Iraq in 2011 and completed a withdrawal of forces from Afghanistan in 2021. 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. Figure 2C-2 shows the number of military separations from FY 2007 through FY 2015 for all branches of service combined. In general, Figure 2C-2 shows an increase in separations between FY 2010 and FY 2014, while there was a sudden decrease in FY 2015.

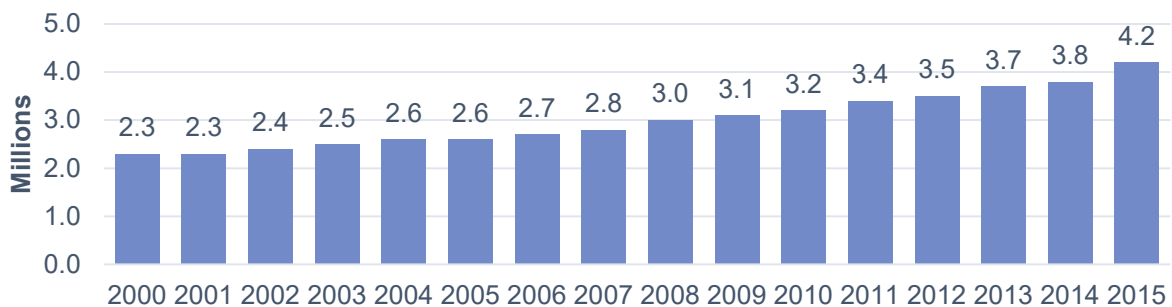
Figure 2C-2. Number of Military Separations from FY 2007 – FY 2015



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 2007-2015*. Accessed from <https://www.militaryonesource.mil/data-research-and-statistics/military-community-demographics/>

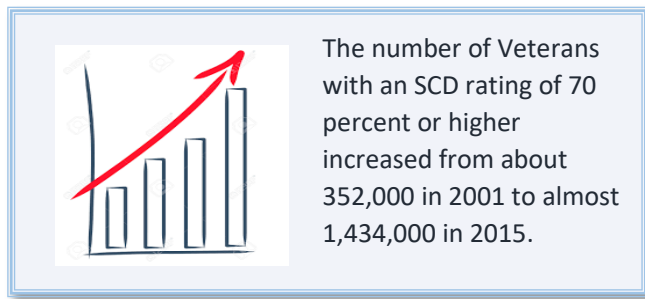
A greater portion of military personnel is transitioning to Veteran status with a disability rating. Due to the improvements and technological advances in military medicine and equipment, more Service members are surviving injuries compared to previous wars. One research study that examined injuries 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% of Service members survived their injuries, more than 90% of Operation Enduring Freedom/Operation Iraqi Freedom Service members survived their injuries.⁸ However, some soldiers separate from active duty with multiple injuries, including many with “invisible wounds” such as hearing impairments, visual impairments, or post-traumatic stress disorder (PTSD). These injuries can have a significant impact on a Veteran’s ability to obtain and maintain employment. As Figure 2C-3 shows, the number of Veterans with an SCD has steadily increased from 2000 to 2015.

Figure 2C-3. Number of Veterans with an SCD, FY 2000 – FY 2015



Source: Department of Veterans Affairs, *VBA Annual Benefits Reports, 2000-2015*

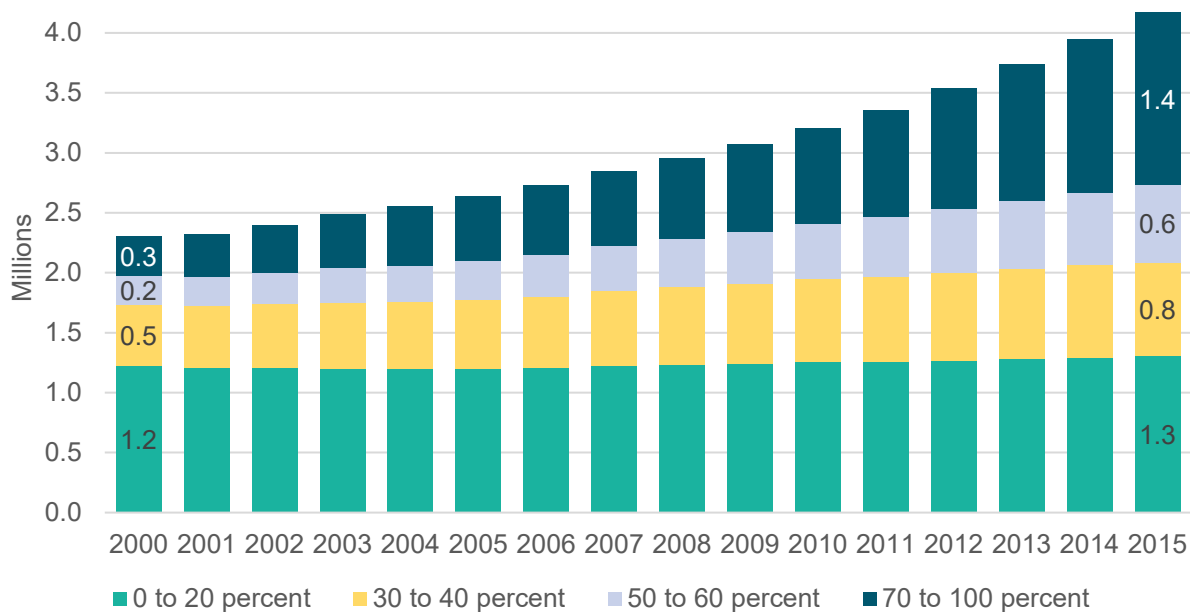
⁸ Gawande, Atul, “Casualties of War – Military Care for the Wounded from Iraq and Afghanistan,” *New England Journal of Medicine*, Vol. 351, No. 24, December 2004, pp. 2471-2475.



Further examination of this same data indicates that the growth in the number of Veterans with an SCD is concentrated among those rated 50% or higher (see Figure 2C-4). In particular, there has been a marked increase in the number of individuals with disability ratings of 70% or higher starting in 2001, coinciding with the beginning of combat operations in

Afghanistan.

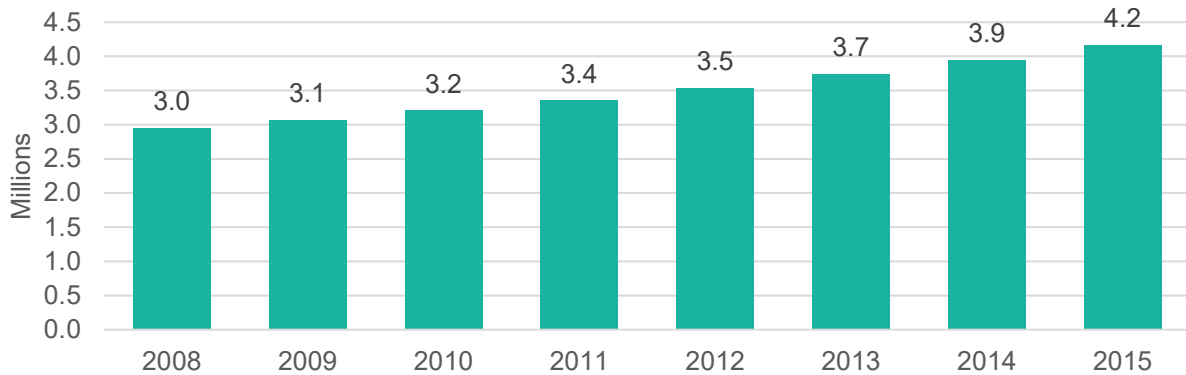
Figure 2C-4. Number of Veterans with an SCD by Disability Rating Groups, FY 2000 – FY 2015



Source: Department of Veterans Affairs, VBA Annual Benefits Reports, 2000-2015

The number of Veterans receiving disability compensation has also steadily grown in recent years; increasing by over one million individuals (~41%) between FY 2008 and FY 2015 (see Figure 2C-5). In fact, as shown in Table 2C-1, the number of Veterans who began receiving disability compensation increased by more than 60% between FY 2008 and FY 2015. 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% or higher in this period, indicating more complex or severe disabilities.

Figure 2C-5. Number of Veterans with SCDs Receiving Compensation, FY 2008 – FY 2015



Source: Department of Veterans Affairs, VBA Annual Benefits Reports, 2008-2015

Table 2C-1. Number of Veterans with SCDs who Began Receiving Compensation by Disability Rating, FY 2008 – FY 2015

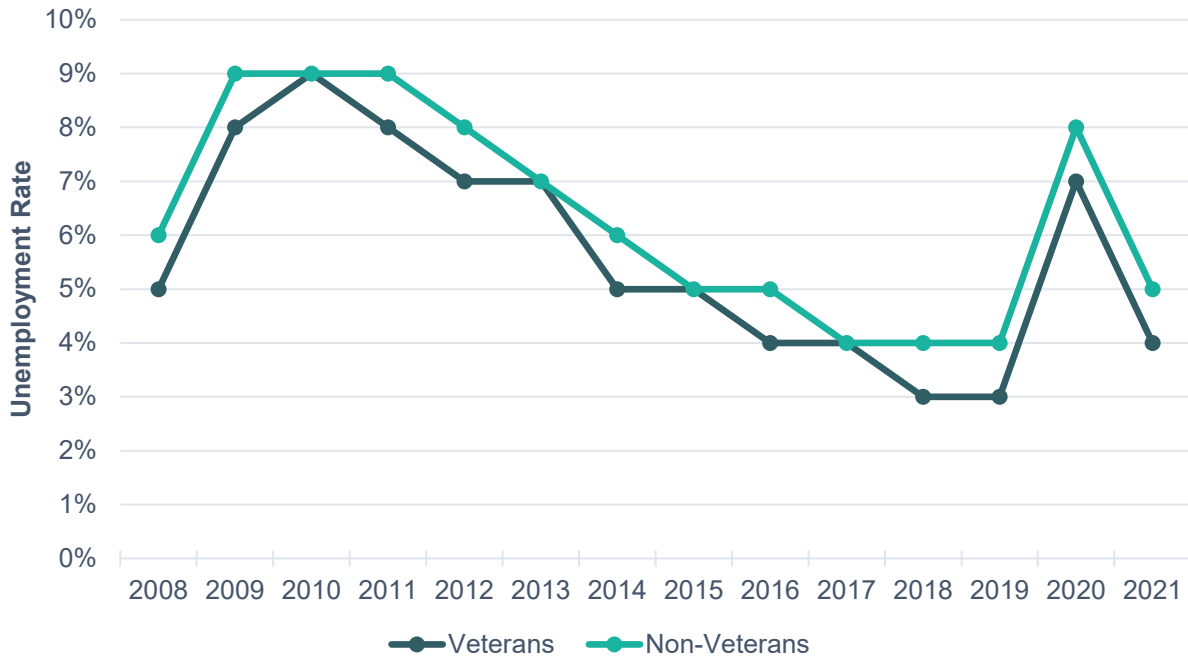
Disability Rating	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Percent Change FY 2008 to FY 2015
0%	551	624	635	522	710	781	753	611	11%
10%	53,374	58,949	70,872	68,834	67,541	72,608	72,759	77,773	46%
20%	33,024	34,069	36,763	28,980	31,163	32,248	30,286	29,771	-10%
30%	26,368	27,495	29,078	32,089	30,602	31,549	29,985	30,604	16%
40%	20,539	21,311	21,145	18,576	24,051	26,554	25,436	26,294	28%
< 50%	133,856	142,448	158,493	149,001	154,067	160,740	159,219	165,053	23%
50%	14,513	15,239	16,217	15,989	20,979	23,083	22,727	24,518	69%
60%	13,849	14,873	14,903	18,314	24,477	26,880	26,341	27,697	100%
70%	10,031	10,729	11,457	12,297	21,280	25,410	25,318	27,738	177%
80%	6,233	7,199	7,648	7,808	15,054	19,664	20,799	22,234	257%
90%	2,927	3,475	4,010	4,131	9,070	13,611	16,208	18,439	530%
100%	9,909	11,103	12,175	15,467	16,912	20,287	23,264	27,373	176%
50%-100%	57,462	62,618	66,410	74,006	107,772	128,935	134,657	147,999	158%
Total	191,318	205,066	224,903	223,007	261,839	292,675	293,876	313,052	64%

Source: Department of Veterans Affairs, VBA Annual Benefits Report 2015

2D. TRENDS IN A U.S. ECONOMIC AND VETERAN EMPLOYMENT CONTEXT

Over time, it is likely that the U.S. economic and employment climate can potentially influence the number of Veterans seeking assistance from VR&E. During the past year, the country has faced a pandemic due to COVID-19 that has had a significant effect on employment in the United States. Figure 2D-1 shows that from 2008 through 2020, Veteran unemployment mirrored overall unemployment, with Veterans consistently having a roughly 1-percentage point lower unemployment rate than the overall population. In 2020, both Veterans and non-Veterans saw a 4% increase in unemployment rates. This may be attributed, in part, to the COVID-19 pandemic. According to the Bureau of Labor Statistics, in August 2020, the unemployment rate for Veterans with an SCD was not statistically different from Veterans with no disability rating.⁹ From 2020 to 2021, the figure captures the rapid decrease in unemployment due, likely, to the COVID-19 recovery and renewed job availability.

Figure 2D-1. Annual Unemployment Rates for the Total Population, 18 Years and Older by Veteran Status, FY 2008 – FY 2021



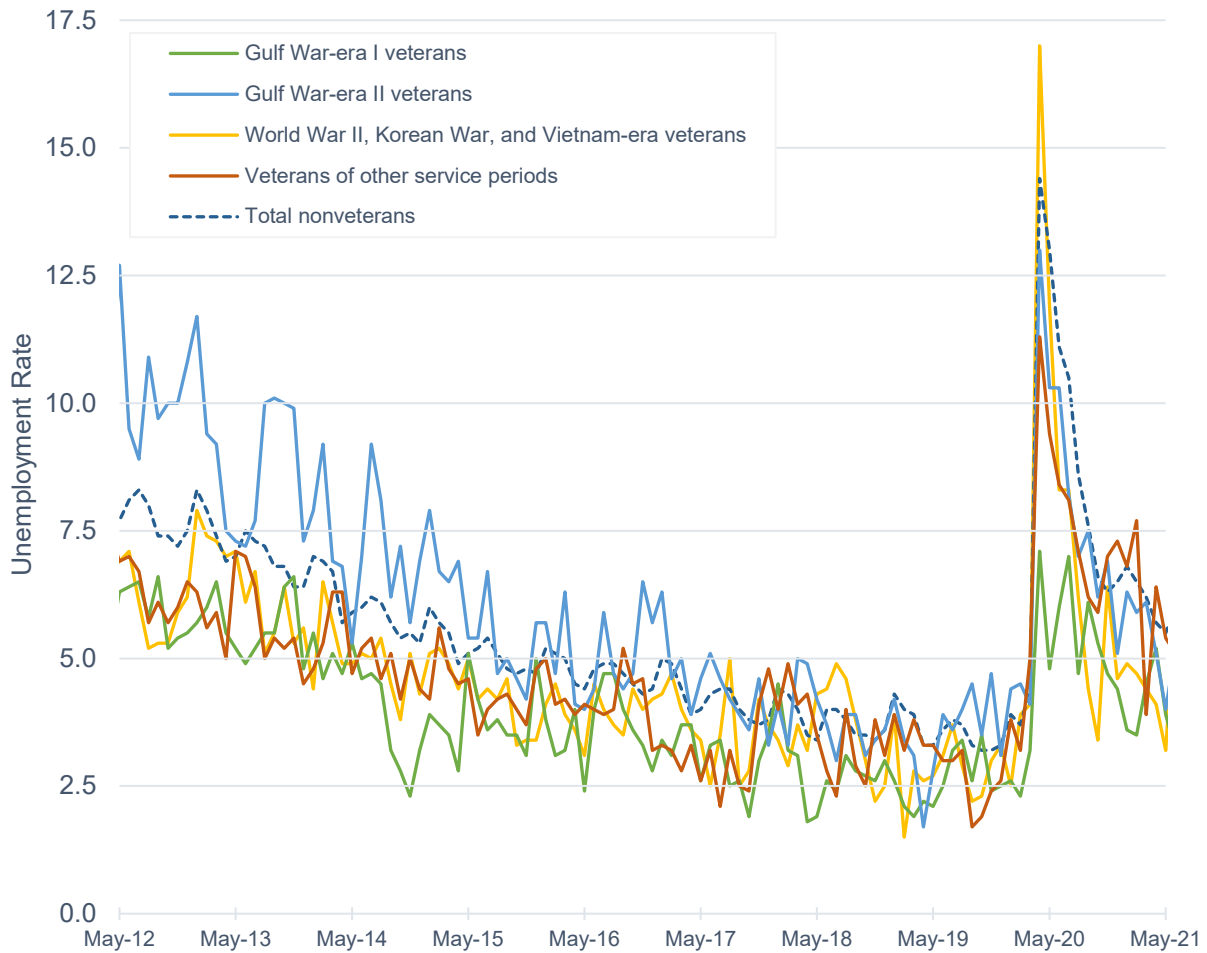
Source: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey extracted on April 1, 2022. Accessed from <https://www.bls.gov/webapps/legacy/cpsatab5.htm>

Although unemployment rates declined from 2010 to 2016, the job market remained relatively competitive. Figure 2D-2 shows that Gulf War Era I Veterans (served August 1990 – August

⁹ Source: U.S. Department of Labor, Bureau of Labor Statistics, “Employment Situation of Veterans Summary,” Washington, D.C., March 22, 2020.

2001) have generally seen unemployment rates lower than non-Veterans, while Gulf War Era II Veterans (service beginning September 2001) still show higher unemployment rates than any other Veteran group. However, there was a large increase in the unemployment rate for all groups in 2020, which may also be attributed to the COVID-19 pandemic. Unemployment rates for all groups has since decreased as COVID-19 recovery begins.

Figure 2D-2. Unemployment Rates for Veterans Compared to Non-Veterans, May 2012 – May 2021



Source: Developed from <https://www.bls.gov/charts/employment-situation/unemployment-rates-for-persons-18-years-and-older-by-veteran-status.htm>

Legislative Changes Concerning Veterans Returning to Work. In recent years, several pieces of legislation have expanded and enhanced VR&E services for Service members and Veterans. VA conducted extensive outreach to inform Service members and Veterans of recent provisions and the availability of these expanded benefits. In 2011, P.L. 111-377, for example, modified the program so that Veterans eligible for both VR&E training and the post-9/11 GI Bill could elect to receive the Chapter 33 Post 9/11 training subsistence allowance rate instead of the VR&E subsistence allowance rate. In 2012, Title II of P.L. 112-56 Section 232 removed the requirement that the Veteran must be determined rehabilitated to the point of employable in order to participate in the special employer incentive program, thus, making this option available to more VR&E participants. As the long-term post-program outcomes of the study cohorts are assessed 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 experienced a significant increase in program participation beyond FY 2012.

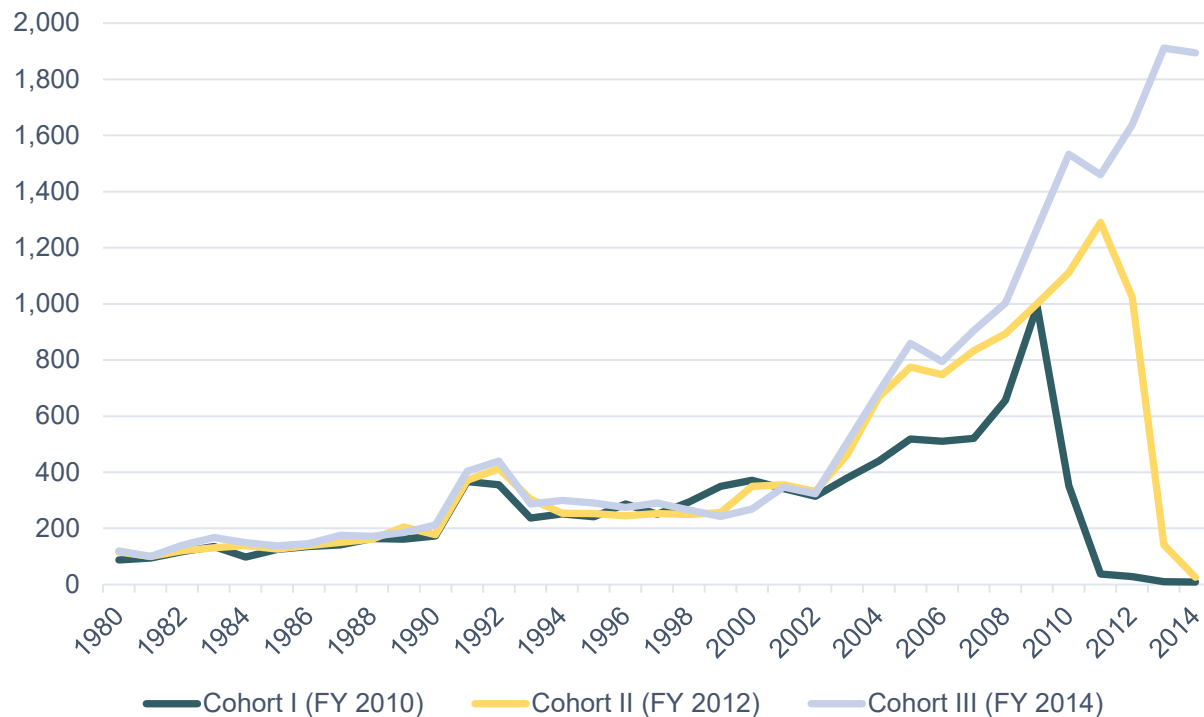
The number of Veterans and Service members who began a VR&E rehabilitation plan has substantially increased:

Cohort III (FY 2014) is **95 percent larger** than Cohort I (FY 2010)

Recent Increases in VR&E Program Participation. From FY 2012 to FY 2014, there was a marked increase in the number of Service members and Veterans who began a VR&E rehabilitation plan of services. There are 43% (4,605) more members in Cohort II (FY 2012) than in Cohort I (FY 2010) and 37% (5,692) more members in Cohort III (FY 2014) than in Cohort II. While the exact reason(s) for this increase is difficult to discern, there are several factors that contribute to this increase over time in the number of Veterans and Service members who apply for and begin a plan of VR&E services, as discussed below.

First, increases in the number of Veterans eligible for VR&E services are driven, in part, by increases in military separations and the number of Veterans with an SCD. Second, there has been a marked increase in the number of Veterans with a combined disability rating of 50% or more since 2007, which may contribute to the demand for VR&E services. Consistent with these trends, Figure 2D-3 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.

Figure 2D-3. Distribution of the Year of Military Separation (from 1980 to 2014) for Cohorts I, II, and III



Source: VBA Administrative Data, FY 2021

Third, in addition to the growth of disability claims in recent years, VBA has increased efforts to reduce the claims backlog. The claims backlog totaling 611,703 on March 25, 2013, was substantially reduced to 83,005 as of February 23, 2020, a reduction of 86%.¹⁰ The decreased backlog means an increased number of Veterans who are eligible to apply for VR&E benefits. While the claims backlog had decreased from 2013 to 2020, there was an increase from 2020 to 2021. This increase may be attributed to the COVID-19 pandemic.

Fourth, the COVID-19 pandemic may have encouraged more individuals to seek VR&E services as unemployment has increased greatly over the last couple years. Also, recent changes in program eligibility and provisions may have attracted more Veterans with SCDs to the program. Finally, recent agency-level initiatives such as IDES have focused on increased outreach to Veterans and Service members and may have had an impact on the number of Veterans entering into a plan of services with VR&E. Undoubtedly, the cumulative effect of all of these related factors has contributed to the increase in the number of Veterans and Service members who begin a plan of VR&E services.

¹⁰ Source: https://benefits.va.gov/reports/mmwr_va_claims_backlog.asp

2E. INTERPRETING LONGITUDINAL STUDY FINDINGS

This report presents findings for the VR&E Longitudinal Study as of FY 2021, the eleventh year of the 20-year study period. Summary findings for all three 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 2021, Cohort I members have been in the VR&E program for at most twelve years. Cohort II members who began services very early in FY 2012 have been in the program for ten years or less. Similarly, Cohort III members who began services very early in FY 2014 have been in the program for eight years or less.

At this midpoint in the study, trends related to outcomes are available and described in Section 3 of this report. As the majority of cohort members have exited the program (96%, 94%, and 90% for Cohort I, II, and III, respectively), either through achieving rehabilitation or discontinuing from services, conclusions drawn at this point can provide insight into the long-term outcomes expected from Veterans who participated in the VR&E program. However, since the study will continue for an additional 10-years, all findings are still considered preliminary. Nonetheless, emerging trends for those cohort members who have exited the VR&E program thus far, especially for those who successfully completed their rehabilitation plans, appear to be consistent over time and across cohorts.

Program Outcomes. As Veterans work to complete the objectives of their rehabilitation plans, the proportion of cohort members who exit the program increases over time. The Employment through Long-Term Services track usually takes multiple years to complete. Since most VR&E participants pursue employment through this track, the majority of Veterans are still persisting or have only recently exited the program. In FY 2021, there are a substantial number of Veterans who have exited the program. 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 been discontinued by the end of FY 2021.

Long-term Employment and Standard of Living Outcomes. The majority of cohort members have now achieved rehabilitation or were discontinued as of FY 2021 (96%, 94%, and 90% for Cohort I, II, and III, respectively), allowing analysis of outcome data and description of trends related to employment and income. Post-program findings are becoming more substantial given that Cohort I and Cohort II members first participated in services 12 or 10 years ago, respectively.

Future Reports. As Cohorts I, II and III are followed in the future, and as VR&E participants exit the program, more information will be available on long-term post-program outcomes. The

It remains 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.

study will track key programmatic and demographic factors influencing these outcomes. As multiple years of data are collected, it will be possible to examine more noticeable trends in outcomes. Furthermore, it is reasonable to expect that trends in outcomes across all three cohorts will become increasingly similar, as the majority of Veterans will have exited their program of service.

Section 3F of this report provides a preliminary analysis of program participants who re-enter the program after achieving rehabilitation or being discontinued. As more Veterans re-enter the program, it will be imperative in future reports to

examine how entering the program more than once may influence outcomes. Through data sharing agreements with the Social Security Administration, future reports will also include estimates based on administrative data about the number and percentage of cohort members who receive income from Social Security disability benefits, such as Social Security Disability Insurance and Supplemental Security Income. Current available data regarding Social Security benefits may be found in Appendix H, tables H-9a through H-9e.

3. CURRENT FINDINGS AS OF FY 2021

As of FY 2021, Cohort I members have been tracked in the VR&E Longitudinal Study for up to eleven years, and Cohort II members have been tracked in the study for up to ten years. Cohort III members have been in the study for the shortest duration, eight years. This section of the report summarizes the findings of all three cohorts as of FY 2021. 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 detailed findings for each of the three cohorts as of FY 2021.

This chapter explores FY 2021 data in a similar manner as in previous reports, with the addition of two new sections, including a detailed look at the variations in employment and standard of living outcomes between male and female Veterans, and a descriptive summary of the frequency of positive outcomes observed across the three cohorts. Section 3A details Veteran satisfaction with the VR&E program. Section 3B provides a description of select demographic characteristics of VR&E participants. Section 3C summarizes program outcomes, such as rehabilitation and discontinuation, across each cohort. Section 3D reveals findings related to employment and standard of living outcomes. An analysis of Veterans, who re-enter the program after rehabilitation or discontinuation, is provided in Section 3E. Finally, in Section 3F, findings across all cohorts are compared.

3A. VETERAN SATISFACTION

The VR&E survey asks cohort members to rate their overall experience with the VR&E program using a 1 to 9 scale, where 1 is unacceptable, 5 is average and 9 is outstanding. Scale scores between 1 and 3 indicate low satisfaction, and scale scores between 7 and 9 indicate high satisfaction. Scale scores near the midpoint (4 to 6) indicate moderate satisfaction. Figure 3A-1 compares the proportion of VR&E participants separately for persisting, rehabilitated, and discontinued members across the three cohorts who reported moderate or high satisfaction with the program as of FY 2021. The survey data is weighted and summed to the cohort population to ensure the data is representative of all cohort members, not just this year's survey respondents. As shown in the Figure 3A-1, most VR&E participants in all three cohorts are satisfied with the program.

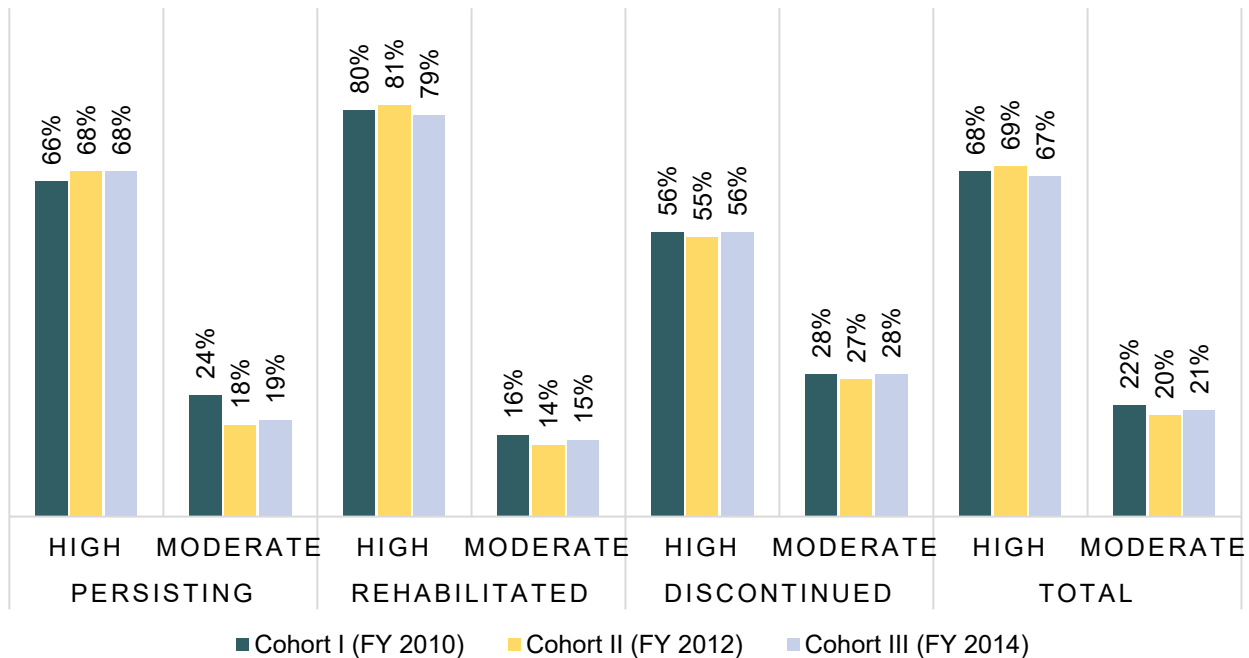
95% of Veterans who achieved rehabilitation reported moderate to high satisfaction with the VR&E program.

82% of Veterans who discontinued reported moderate to high satisfaction with the VR&E program.

For all three cohorts, at least 86% of cohort members who achieved rehabilitation or who are still persisting reported moderate or high satisfaction with the program as of FY 2021. The majority (about two-thirds) of Veterans report high satisfaction. In fact, roughly four-fifths of Veterans who achieved rehabilitation reported high satisfaction across all three cohorts, which is a slight increase over last year.

A substantial proportion of discontinued cohort members also report being satisfied with the program. At least 82% of discontinued Veterans in all cohorts reported moderate to high satisfaction as of FY 2021. 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 has increased over time for all three cohorts.

Figure 3A-1. Percentage of VR&E Participants Reporting Moderate or High Overall Satisfaction with the Program by Participation Status as of the End of FY 2021, by Cohort



Source: VR&E Longitudinal Survey Data, FY 2021

Multivariate regression analysis is used to identify factors that affect how satisfied Veterans are with the VR&E program. The regression technique estimates the effect of any given

characteristic on Veterans' satisfaction while holding all other characteristics constant. For example, female Veterans tend to be younger than male Veterans. If differences in outcomes by gender were examined alone, the analysis might also identify an age effect since gender and age are correlated in the Veteran population. If both gender and age were included in a regression analysis, the independent effect could be identified for each variable on the outcome of interest.

Table 3A-1 below provides a summary of the results of the regression model for all survey respondents. The second column displays the direction of impact (either a positive or negative association) for all variables that have a statistically significant association with Veteran satisfaction with VR&E.

Table 3A-1. Factors that Contribute to Overall Program Satisfaction as of the End of FY 2021

Explanatory Variable	Direction of Effect
Rehabilitated (compared to persisting)	+
Discontinued (compared to persisting)	-
Age	N.S.
Disability rating	N.S.
Length of military service	+
Employment through Long-Term Services track (compared to IL)	+
Pre-rehabilitation Salary	+

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.

N.S. = not significant

Source: VBA Administrative Data, FY 2021

Several factors emerge, listed in Table 3A-1, that are associated with Veteran satisfaction with the VR&E program. Specifically, program participation status (persisting, rehabilitated, and discontinued) and being in the Employment through Long-Term Services track have the strongest relationships with program satisfaction. Achievement of rehabilitation is also associated with higher satisfaction, whereas Veterans that have discontinued are associated with lower satisfaction ratings. Those who are in the Employment through Long-Term Services track tend to have higher satisfaction ratings relative to their counterparts in the IL track. A higher salary prior to rehabilitation and longer time in the military is associated with higher program satisfaction.

3B. SELECT CHARACTERISTICS OF VR&E PARTICIPANTS

This section assesses select characteristics of cohort members, including those mandated by Congress. Analyses in this section are conducted to determine how the select characteristics relate to cohort members' program participation, as of FY 2021. The select characteristics explored in this section are listed in Table 3B-1. Descriptive examination of demographic and background characteristics of cohort members can provide insight into how and if these characteristics influence post-program long-term outcomes.

Table 3B-1. Select Characteristics of VR&E Participants Examined in this Study

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 (that is, VA-insured life insurance and mortgage loans)
Receipt of education or training	Enrollment in an institution of higher learning during the past 12 months
	Number of credits completed during the past 12 months
	Attainment of a degree or certificate during the past 12 months

The administrative data allows us to examine background characteristics for the entire cohort population, while the survey data provide additional, otherwise unavailable, information about a sample of the cohort. The survey data have been weighted to reflect the cohort population.

Demographics

Table 3B-2 provides a subset of select demographic characteristics of the cohorts as of the end of FY 2021. Approximately 75% of Veterans across all three cohorts have a serious employment handicap (SEH), which is consistent with the proportion in the overall VR&E population.¹¹ A determination of an SEH suggests a Veteran has significant difficulty in their ability to prepare for, obtain, or maintain employment consistent with their abilities, aptitudes, and interests.

Table 3B-2. Demographic Characteristics of VR&E Participants by Cohort as of the End of FY 2021

Demographic Characteristic	Cohort I (FY 2010)		Cohort II (FY 2012)		Cohort III (FY 2014)	
	#	%	#	%	#	%
Total ¹	10,789	100%	15,395	100%	21,082	100%
Serious Employment Handicap						
Yes	7,955	74%	11,522	75%	15,241	72%
No	2,834	26%	3,873	25%	5,841	28%
Gender						
Male	8,948	83%	12,542	81%	16,809	80%
Female	1,841	17%	2,853	19%	4,273	20%
Age at Program Entry						
Less than 30	1,595	15%	2,679	17%	3,875	18%
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%

¹Totals do not include individuals that were excluded from the FY 2021 analyses due to missing data.

Source: VBA Administrative Data, FY 2021

More females are being represented in cohorts over time with female Veterans ranging from 17 to 20% across the three cohorts. For each cohort, the percentage of females is greater than the percentage of female Veterans overall (10%¹²). However, the percent of females in these cohorts is consistent with the rate of female Veteran participation in recent years. As of 2021, females represent about 20% of Gulf War Era II Veterans.⁹

Overall, the majority (62%) of cohort members were less than 45 years old when they started their VR&E rehabilitation plans. When comparing age at program entry across cohorts, Table

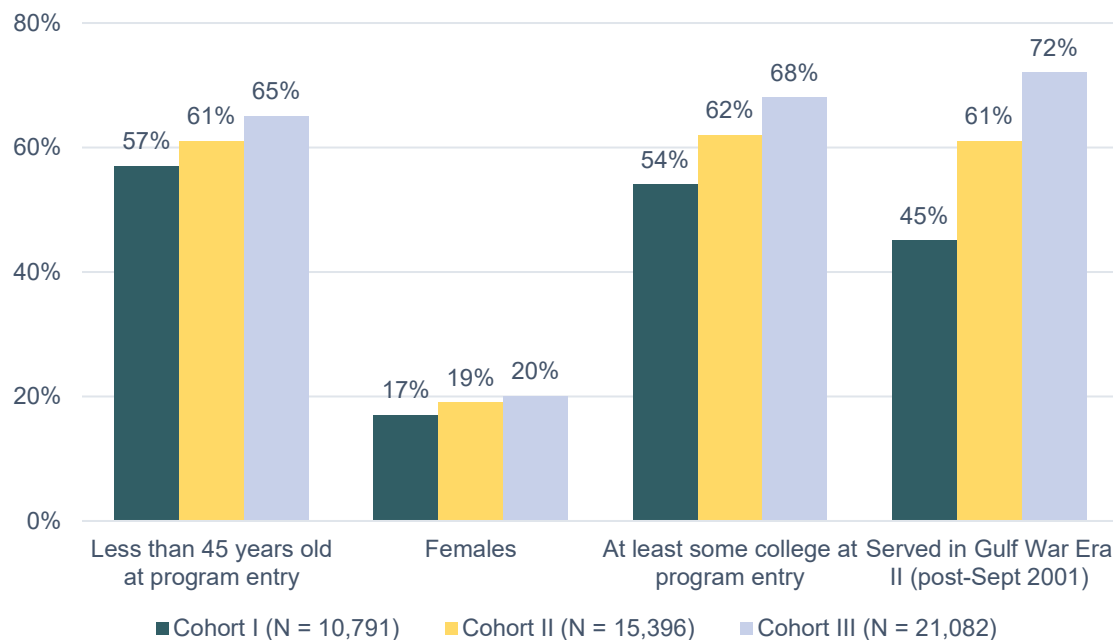
¹¹ Source: Department of Veterans Affairs, VBA Annual Benefits Report, 2021.

¹² Based on 2021 Bureau of Labor Statistics data available at <http://www.bls.gov/news.release/pdf/vet.pdf>.

3B-2 illustrates that, over time, the percentage of younger Veterans (less than 45 years old) entering the VR&E program has increased, from 57% of Veterans in Cohort I being less than 45 years old to 65% of Veterans in Cohort III.

In addition to comparing age and gender, Figure 3B-1 presents trends for two additional demographic characteristics at program entry across cohorts – level of education and era of service. As the figure shows, Veterans are reporting higher levels of prior education at program entry over time. Similarly, the percentage of cohort members who have served in Gulf War II is also increasing over time; among more recent cohorts, the proportion who served during Gulf War Era I is decreasing while the proportion who served during Gulf War Era II is increasing.

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



Source: VBA Administrative Data, FY 2021

As shown in Table 3B-3, a larger proportion of VR&E participants have a primary diagnosis of PTSD than the proportion for overall Gulf War Era I and Gulf War Era II Veterans. Further, the proportion among cohort members has increased over time, with 25% of Cohort I participants having a primary diagnosis of PTSD compared to one-third (33%) of Cohort III participants.

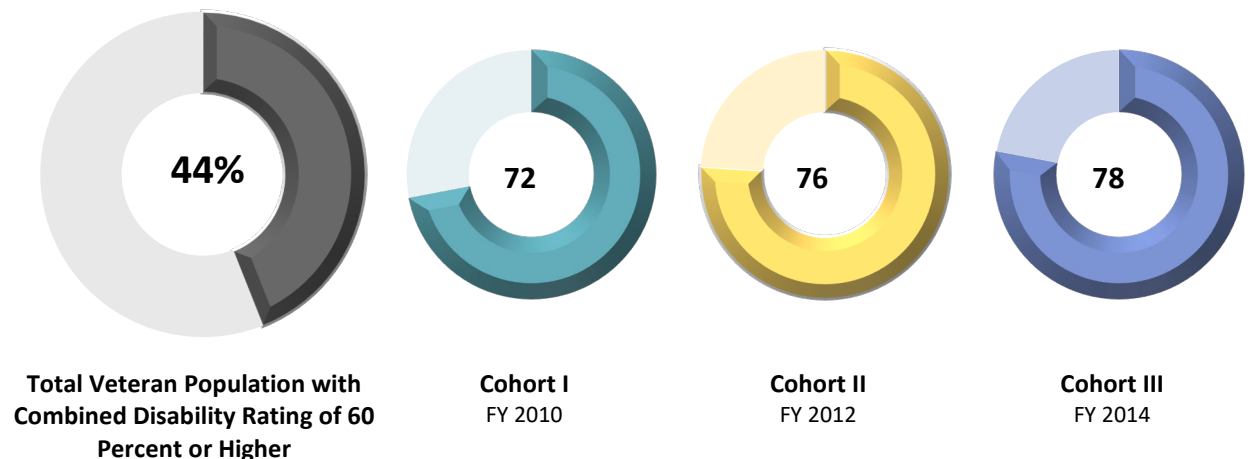
Table 3B-3. Percentage of VR&E Participants with a Primary Diagnosis of PTSD as of the End of FY 2021

Cohort	Percentage
Cohort I (FY 2010)	25%
Cohort II (FY 2012)	31%
Cohort III (FY 2014)	33%
Gulf War Era I Veterans (Desert Storm)	10% ¹
Gulf War Era II Veterans (Iraq and Afghanistan)	11-20% ¹

¹ NIH Medline Plus. (2009) PTSD: A Growing Epidemic. 4(1): 10-14
 Source: VBA Administrative Data, FY 2021

Figure 3B-2 reveals that, on average, VR&E participants have a higher prevalence of combined disability ratings of 60 percent or higher, when compared to the total Veteran population. About two-thirds of cohort members (72% for Cohort I, 76% for Cohort II, and 78% for Cohort III) have a combined disability rating of 60% or more. Among overall Veterans with an SCD, 44% reported a disability rating of 60% or higher in the August 2020 Current Population Survey.¹³

Figure 3B-2. Percentage of Veterans with a Combined Disability Rating of 60 Percent or Higher



Source: VBA Administrative Data, FY 2021

¹³ https://www.bls.gov/news.release/archives/vet_03182021.htm

Legislation requires this study to seek information on specific background characteristics of VR&E participants. Figure 3B-3 presents summary statistics on these mandated variables for each cohort by participation status (persisting, rehabilitated, and discontinued). Examination of the figure reveals that VR&E participants in more recent cohorts have served on active duty longer. Additionally, for all three cohorts, participants who have achieved rehabilitation have served more months on active duty when compared to persisting and discontinued participants.

Figure 3B-3 also reports the average combined SCD rating for each cohort. The findings indicate that, on average, VR&E participants have a combined disability rating of 60% or higher, with the majority being 70% or higher. Furthermore, the figure reveals that, on average, persisting and discontinued participants have a higher combined disability rating than those who achieved rehabilitation. Finally, the figure shows the average number of dependents for VR&E participants. Cohort members report an average of slightly less than two dependents.

Figure 3B-3. Mandated Characteristics of VR&E Participants by Participation Status as of the End of FY 2021, By Cohort

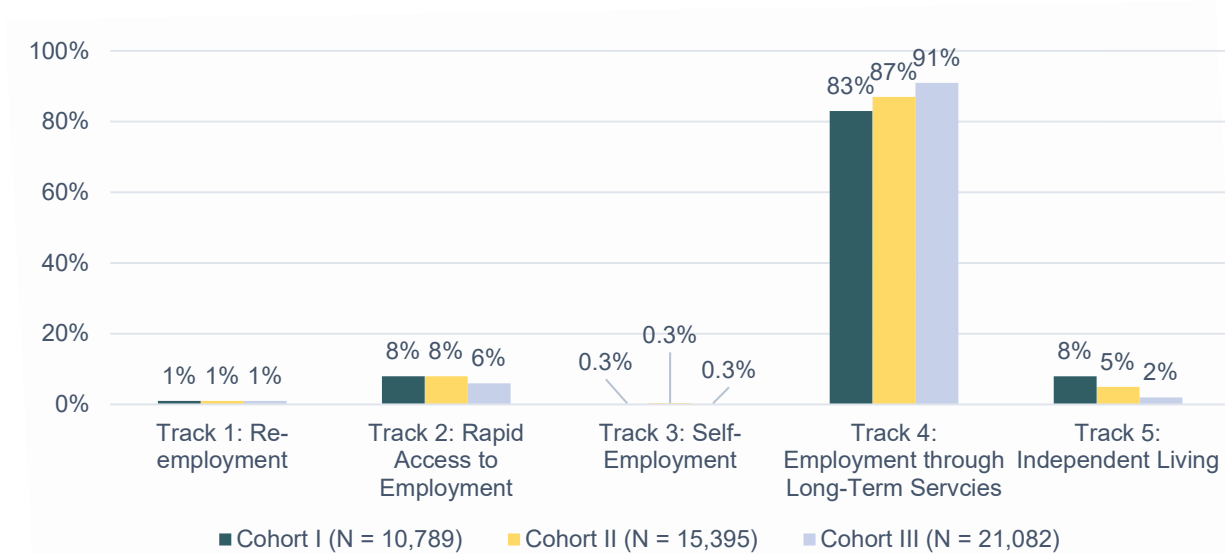


Source: VR&E Longitudinal Survey Data and VBA Administrative Data, FY 2021

Training Selection

Figure 3B-4 presents an overview of each cohort by its program track selection as of the end of FY 2021. The figure reveals that a significant majority of participants (83% for Cohort I, 87% for Cohort II, and 91% for Cohort III) are in the Employment through Long-Term Services track. Track selection is one of the few characteristics that can change throughout the duration of program participation for cohort members. As a result, a small proportion of cohort members have changed tracks since entering the VR&E program.

Figure 3B-4. Track Selection of VR&E Participants by Cohort as of the End of FY 2021



Source: VBA Administrative Data, FY 2021

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

The second most popular track is Rapid Access to Employment. The Rapid Access to Employment track assists disabled Veterans who desire immediate employment and already have the skills to be competitive in the job market. Since many Veterans seeking services from VR&E require additional training and education, it is not surprising that the Rapid Access to Employment track is the second most popular track. However, for those who do pursue this

track, it is expected that the majority achieve rehabilitation much earlier than those in the Employment through Long-Term Services track.

An even smaller proportion of cohort members are in an Independent Living (IL) track. The goal of the IL program is to assist Veterans with achieving maximum independence in daily living and, whenever possible, to assist with increasing potential to return to work. If it is determined that a Veteran may return to work at the end of an IL program, then an evaluation is completed to determine what services will be provided and which track is appropriate for service delivery. However, for most participants of an IL program, especially for those with the most serious impairments, the goal is to live as independently as possible.

The smallest proportion of Veterans pursue the Re-Employment and Self-Employment tracks. Veterans looking to return to their previous job after active duty pursue the Re-Employment track, therefore, eligibility for this track is limited to these circumstances. The Self-Employment track is for Veterans seeking assistance in starting their own business.

Receipt of Other Benefits

Two additional background characteristics the congressional legislation requires to be measured are the average number of medical visits VR&E participants make each year to VA medical facilities and non-VA medical facilities. Many Veterans utilize VHA, the largest health care system in the country,¹⁴ for health care benefits. On average, cohort members visited a VA medical facility more frequently than they did a non-VA medical facility, averaging about 13 visits to a VA medical facility during the past 12 months versus only nine visits to a non-VA medical facility during the same timeframe. With an average of about 13 visits per year, cohort members appear to use VA-provided health care services more frequently than the overall Veteran population, which may be attributed to cohort members having an SCD. In FY 2015, a total of 9 million enrollees made a total of 95 million outpatient visits to VHA-mandated facilities, yielding an average of 11 visits for the year.¹⁵ Additionally, all VR&E participants are eligible to receive VHA health care, services and treatment in accordance with 38 U.S.C. § 3104 and VHA Directive 1182 as necessary to develop, carry out, and complete their rehabilitation programs. As shown in Figure 3B-5, across each participation status (persisting, rehabilitated, and discontinued), cohort members average more visits to VA medical facilities than non-VA medical facilities. In addition, across each cohort, persisting and discontinued participants, on

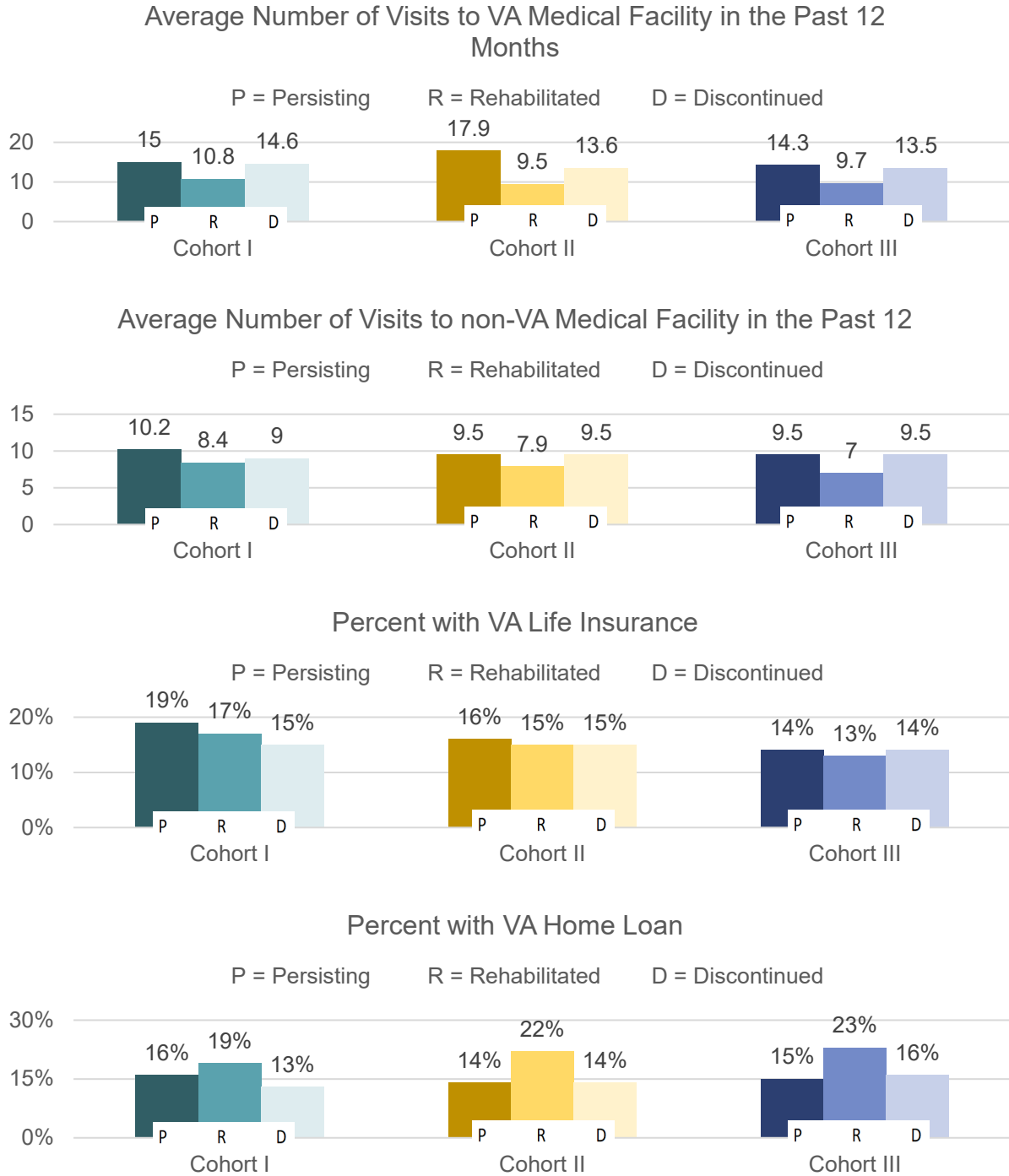
On average, VR&E participants **use VA-provided health care services** more frequently than the overall Veteran population.

¹⁴ <http://www.va.gov/health/aboutVHA.asp>

¹⁵ Based on data prepared by the National Center for Veterans Analysis and Statistics available at http://www.va.gov/vetdata/docs/Utilization/VHAStats_2015.xlsx

average, visit both VA and non-VA medical facilities more frequently than rehabilitated participants.

Figure 3B-5. Receipt of Other Benefits by Participation Status as of the End of FY 2021, by Cohort



Source: VR&E Longitudinal Survey Data and VBA Administrative Data, FY 2021

Discontinued or persisting participants report a higher number of average visits to a VA medical facility than participants who have achieved rehabilitation across all three cohorts.

The congressional legislation asks for information on the types of other VA benefits received by cohort members. Figure 3B-5 reports the number and percentage of cohort members who have life insurance through VA and have VA-insured mortgage loans.

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.

The figure reveals that, across all cohorts and program statuses, less than 20% of cohort members have VA life insurance policies as of FY 2021. Compared to cohort members who are persisting or have discontinued the program, a higher proportion of cohort members that achieved rehabilitation have VA-insured mortgage loans. This trend is consistent across cohorts. The percentage of Veterans with home loans has doubled since FY 2019. These numbers coincide with the increase in homeownership rates across the U.S. over the past two years as mortgage rates reached record lows.¹⁶

Receipt of Education and Training

Information on the educational pursuits and achievements of cohort members since beginning their rehabilitation plans is presented in Figure 3B-6. Across all cohorts, persisting participants make up the largest proportion of cohort members enrolled in an institution of higher learning (IHL) at some point in the past year, compared to participants who have achieved rehabilitation or were discontinued from the program. This finding coincides with the fact that the majority of cohort members are in an Employment through Long-Term Services track. Cohort members

A higher proportion of persisting Veterans were **enrolled in an IHL** in the past 12 months, relative to participants who have achieved rehabilitation and have discontinued.

receive a subsistence allowance each month when pursuing training or an education program (based in part by the rate of attendance, for example, full-time or part-time). In 2011, P.L. 111-377 introduced an alternate subsistence allowance rate more in line with the monthly allowance paid under the Post-9/11 GI Bill, which in some instances is higher than the traditional subsistence allowance rate. Figure 3B-6

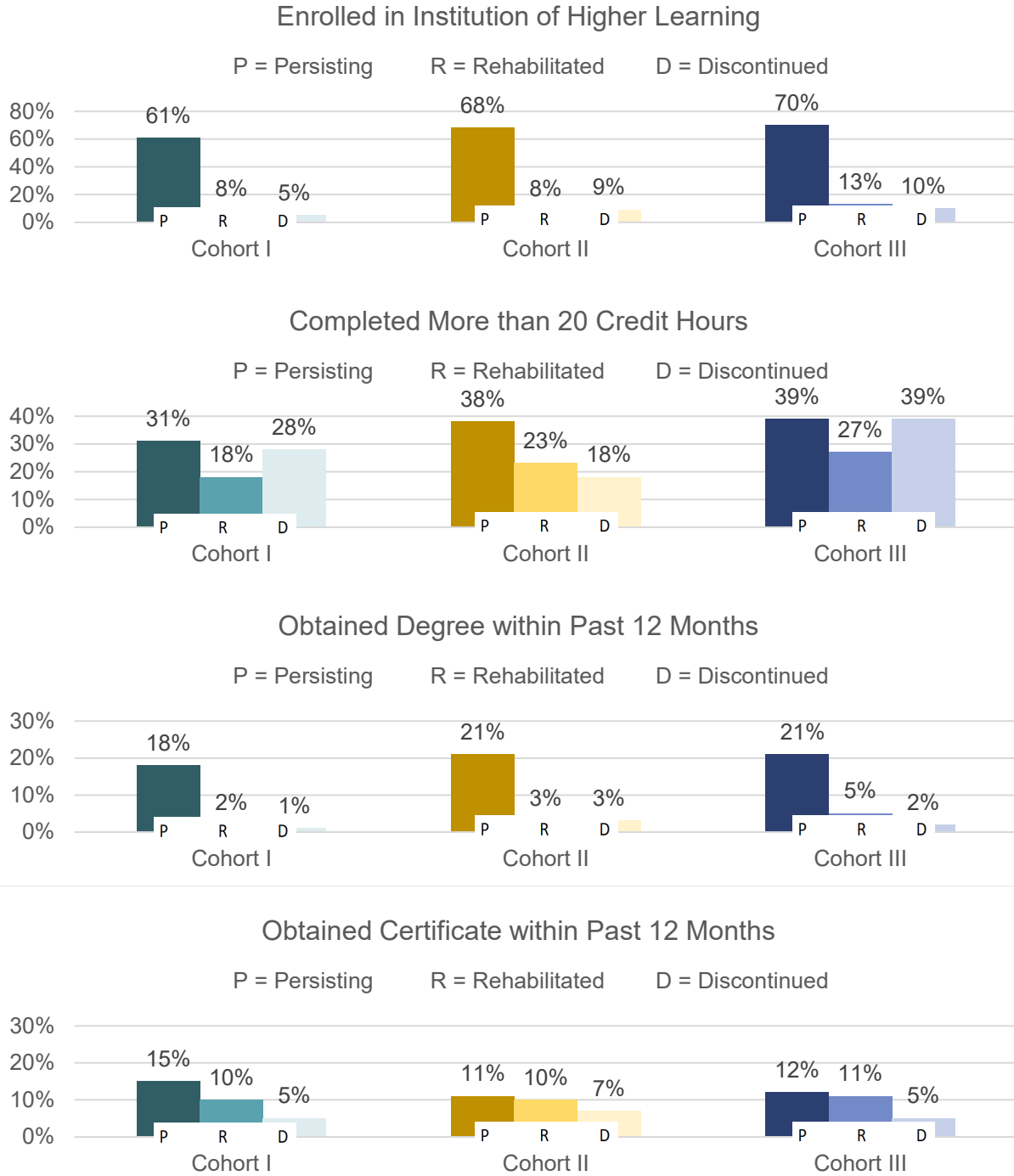
also reveals that of the cohort members who were enrolled in an IHL at some point during FY 2021, over 30% of persisting participants reported completing more than 20 academic credits, which likely means these cohort members were attending school on a full-time basis.

Figure 3B-6 also reports the proportion of cohort members who obtained a degree or certificate during the past 12 months. Relative to Cohort II and III, a smaller percentage of Cohort I

¹⁶ Covid-19 caused a recession. So why did the housing market boom? <https://www.vox.com/22264268/covid-19-housing-insecurity-housing-prices-mortgage-rates-pandemic-zoning-supply-demand>

members reported obtaining a degree within the past 12 months. This finding is not surprising given that, when compared to Cohort II and III, Cohort I members had a longer period of time to complete training pursued through the Employment through Long-Term Services track. The figure also reveals that, across all cohorts, the percentage of Veterans persisting in their employment plan who obtained a degree or certificate within the past 12 months is significantly higher than Veterans who rehabilitated or discontinued from the program. This finding coincides with the fact that the majority of cohort members are enrolled in the Employment through Long-Term Services track, which provides training and education services. In regard to Veterans who have exited the program, in nearly all cohorts, fewer discontinued participants have obtained a degree or certificate as of FY 2021 relative to rehabilitated participants.

Figure 3B-6. Education or Training Characteristics of VR&E Participants by Participation Status as of the End of FY 2021, by Cohort



Source: VR&E Longitudinal Survey Data and VBA Administrative Data, FY 2021

3C. PROGRAM OUTCOMES (REHABILITATION AND DISCONTINUATION)

For each cohort, some 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. This section discusses program participation status (rehabilitated, discontinued, and persisting) of Veterans as of the end of FY 2021, including participation status trends over time. The section also includes a description of Veterans across each cohort who achieved positive outcomes. Identification of the main factors that lead to rehabilitation and discontinuation from the program are also included in this section.

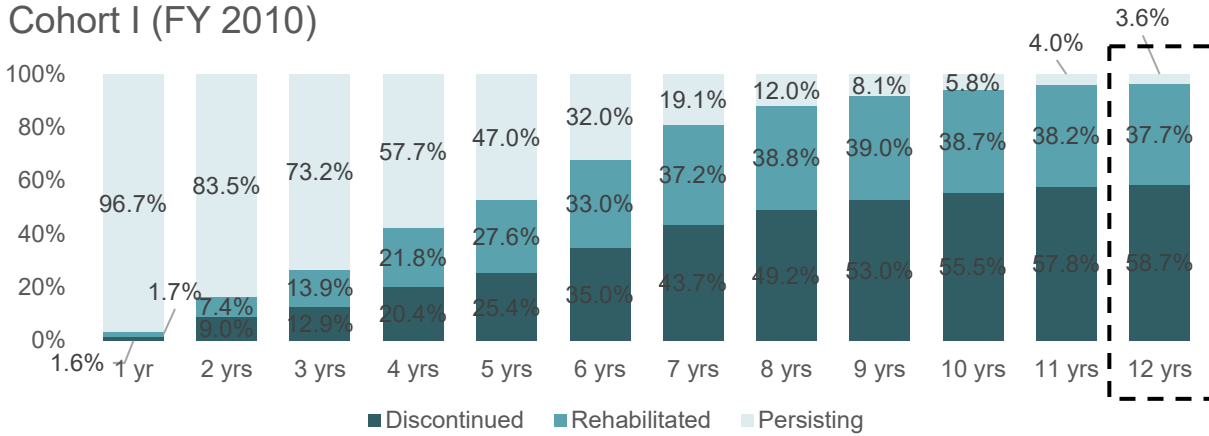
Descriptive Trends

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. Similarly, the number (and thereby the percentage) of persisting participants will decrease over time as well. For each cohort, Figure 3C-1 presents the yearly percentage of cohort members who are persisting in their plans, have successfully achieved rehabilitation, or discontinued services. Because cohort members can re-apply for VR&E services after exiting, the annual percentages displayed in the figure were calculated using the program participation status (rehabilitated, discontinued, and persisting) as of the end of each fiscal year.

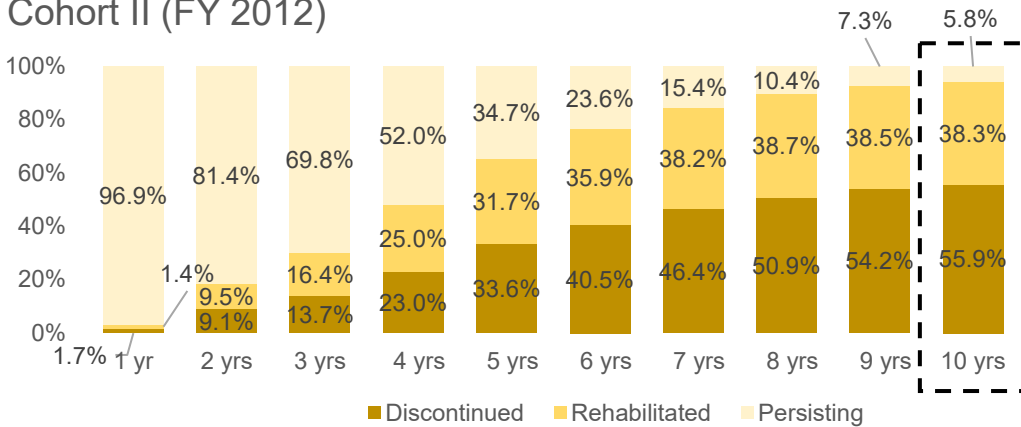
Figure 3C-1 illustrates increases in the proportion of rehabilitations and discontinuations over time. Appendix G, Table G-1 includes additional detail on the number of Veterans who rehabilitated, discontinued, or are still persisting in the program as of the end of FY 2021. In the past twelve years, about 38% of Cohort I (FY 2010) Veterans have achieved rehabilitation. Likewise, Cohort I discontinuations also witnessed a steady increase within this period to 59%. As rehabilitation and discontinuation rates increase over time, the percent of Veterans persisting within the program is subject to a steady decrease. Slightly less than 4% of Cohort I Veterans are still persisting in VR&E. The 4% of persisting Cohort I members include both Veterans who are still persisting after several years and Veterans who have previously rehabilitated or discontinued from services and have since re-entered the program. Of the 4% persisting, 57% served during the Gulf War Era II with an average length of service between 2 – 4 years. Additionally, 34% had a primary diagnosis of PTSD, an average combined disability percentage of 75%, and 61% were enrolled in an IHL as of the end of FY 2021.

Figure 3C-1. Cumulative Percentage¹ of VR&E Participants Rehabilitated, Discontinued or Still Persisting by Cohort as of Each Study Year

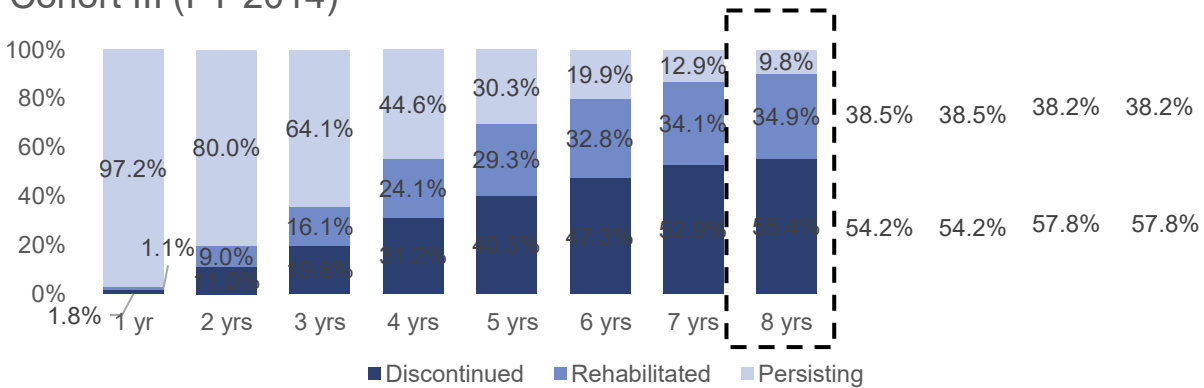
Cohort I (FY 2010)



Cohort II (FY 2012)



Cohort III (FY 2014)



¹Appendix G provides the number of VR&E participants who rehabilitated, discontinued, or still persist in the program. Source: VBA Administrative Data, FY 2021

When comparing Cohort I and Cohort II at the ten-year mark, Cohort II is similar to Cohort I. The proportion of Cohort II members pursuing the objectives of their rehabilitation plans has decreased from 97% during year one to about 6% of the cohort by the end of year ten, the same as for Cohort I in the same period. Meanwhile, the percentage of Cohort II members who have successfully achieved rehabilitation increased from 1% to 38% over the same ten-year period, similar to Cohort I. Similar to the increase observed among those who have achieved rehabilitation, the proportion of Cohort II members who discontinued also increased from 2% in year one to 56% in year ten. Cohort I saw 55% of Veterans discontinue from the program in the first ten years.

Further examination of Figure 3C-1 reveals similar rates of change over time across the cohort groups. For all three cohorts, only a very small percentage of Veterans exited the program within

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

the first year. However, by year eight, a higher percent of Veterans exited the program. Cohorts II and III had the largest percentage of Veterans leave the program by year eight at about 90% (35% rehabilitated and 55% discontinued among Cohort III). Cohort I had the lowest percentage of Veterans exiting the program at year eight (88%). The rehabilitation and discontinuation outcomes at year ten indicate that Cohort I and

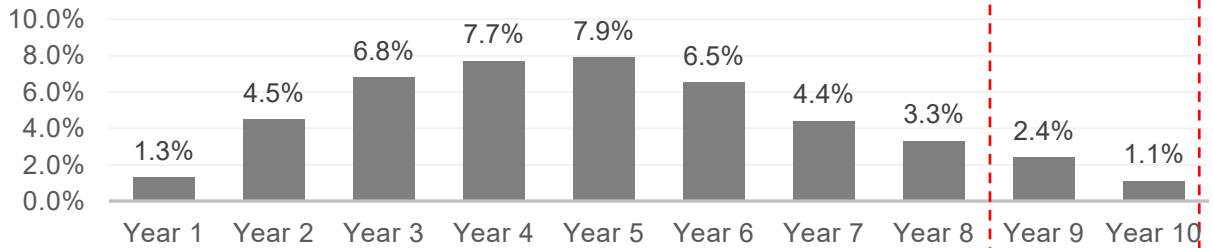
Cohort II members have about the same outcomes (38% of Veterans have rehabilitated and 56% have discontinued).

As illustrated in Figure 3C-1, the experience of each Cohort indicates that it takes between four and five years for one-half of the cohort to exit the VR&E program. The experience of Cohorts I and II indicate that within ten years of program entry, less than about 6% of participants are still persisting in the program. A 2014 U.S. Government Accountability Office (GAO) study of the VR&E program revealed that the average Veteran who began an employment plan of services in 2003 took fifty-five months to successfully rehabilitate.¹⁷ The GAO study further reported that while almost one-half of those who have successfully achieved rehabilitation did so within three to five years of applying for services, about one-third (37%) of those who achieve rehabilitation took six to ten years. As indicated in Figure 3C-2, current findings from the three cohorts closely parallel the GAO findings.

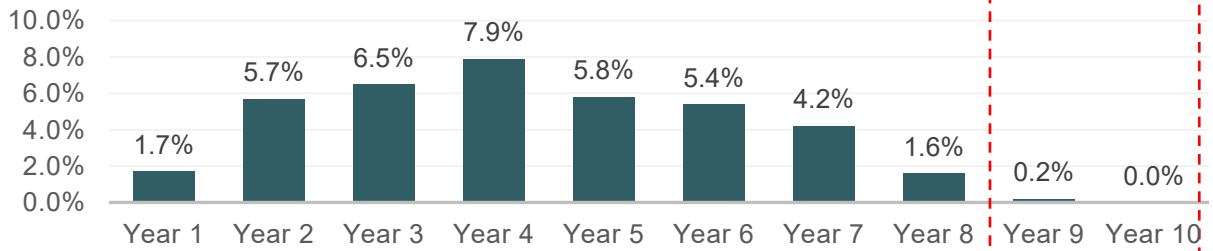
¹⁷ <http://www.gao.gov/assets/670/660160.pdf>

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

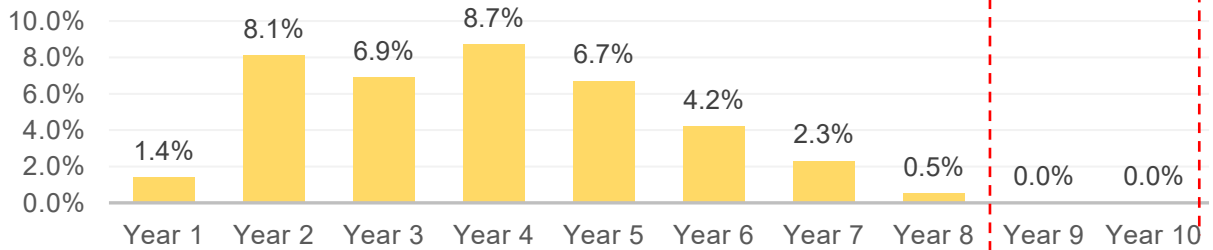
GAO Report 14-61 FY 2003 Cohort



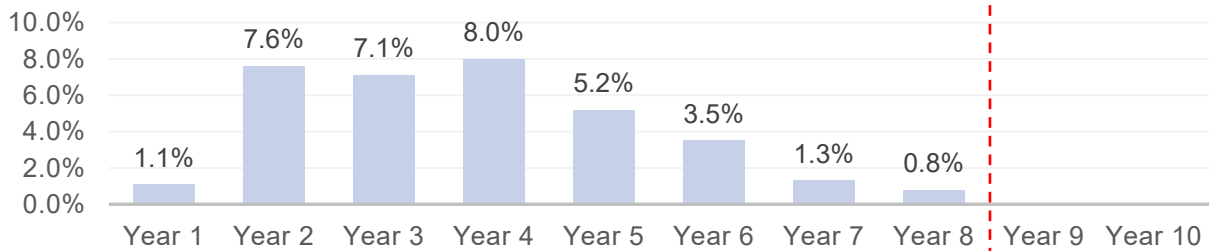
VR&E Longitudinal Study Cohort I (FY 2010)



VR&E Longitudinal Study Cohort II (FY 2012)



VR&E Longitudinal Study Cohort III (FY 2014)



Source: VBA Administrative Data, FY 2021 and <https://www.gao.gov/assets/670/660160.pdf>

Factors that Contribute to Rehabilitation

Multivariate regression analysis is used to identify factors that affect program outcomes of rehabilitation. Detailed results of the regression analyses are presented in Appendix I. Summary results listing the significant factors that contribute to achieving rehabilitation and the time to rehabilitation are presented in Table 3C-1. Several factors are associated with achieving rehabilitation by the end of FY 2021 (first panel of Table 3C-1). Veterans in the Employment through Long-Term Services or other employment tracks are less likely to achieve rehabilitation relative to Veterans in the IL track. Other factors associated with a decrease in the probability of rehabilitation include having a higher disability rating and having a mental health issue as a primary diagnosis. This suggests that Veterans with higher disability ratings (indicating a higher severity of disability) and with diagnosed mental health conditions are not reaching rehabilitation as quickly as their counterparts. Additionally, older Veterans have a lower probability of achieving rehabilitation. Veterans in the 2014 Cohort are also less likely to have achieved rehabilitation relative to the 2012 Cohort. This is expected given that they have spent less time in the program.

Factors associated with successful completion of the VR&E program by the end of FY 2021 include having at least some college education at program entry, having a higher pre-enrollment salary, having served as an officer, length of service and having served during one of the Gulf War periods.

Most of the primary factors associated with successful rehabilitation by the end of FY 2021 are also the strongest predictors of the amount of time it takes to achieve rehabilitation (second panel of Table 3C-1). 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 IL plan. Having an SEH and having a higher disability rating are also associated with a longer rehabilitation period. Factors that are associated with a reduced time to rehabilitation include having at least some college education at program entry, having served as an officer, length of service and serving in the Gulf War II era. Additionally, on average, male and older Veterans achieved rehabilitation in less time.

Table 3C-1. Factors That Contribute to Achieving Rehabilitation and Time to Rehabilitation as of the End of FY 2021

Explanatory Variable	Achieving Rehabilitation ^{1,2}	Time to Rehabilitation ^{3,4}
Employment through Long-Term Services track (compared to Independent Living)	-	+
Other employment tracks (compared to Independent Living)	-	+
Serious employment handicap (SEH)	+	+
Disability rating	-	+
Age	-	-
Male	N.S.	-
Officer status	+	-
Pre-rehabilitation salary	+	-
Primary mental health diagnosis	-	N.S.
Served in Gulf War I Period	+	N.S.
Served in Gulf War II Period	+	-
Length of military service	+	-
Some college or higher at program entry	+	-
2010 Cohort (compared to 2012 Cohort)	N.S.	
2014 Cohort (compared to 2012 Cohort)	-	

¹ The effects are based on a logistic regression estimation where the dependent variable is a dichotomous variable in which one indicates rehabilitation and zero indicates persisting program participation or discontinuation.

² Achieving Rehabilitation: a negative symbol (-) indicates the Veteran is less likely to successfully complete the program, while a positive symbol (+) indicates the Veteran is more likely to successfully complete the program.

³ The effects are based on a survival regression estimation where the dependent variable is the 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). Because Cohort is a measure of time spent in the program, it was not included as an explanatory variable in the survival analysis.

⁴ Time to Rehabilitation: a positive symbol (+) indicates a Veteran may take longer to achieve rehabilitation, whereas a negative symbol (-) indicates a Veteran may take less time to achieve rehabilitation.

N.S. = not significant

Source: Regression Analysis of FY 2021 VBA Administrative and VR&E Survey Data

Factors that Contribute to Discontinuation

Multivariate regression analysis is used to identify the factors that affect program outcomes of discontinuation. Detailed results of the regression analyses are presented in Appendix I. Table 3C-2 summarizes the significant factors that contribute to discontinuation. Discontinuation is most strongly associated with participation in an employment track. Veterans in the Employment through Long-Term Services track or one of the three other employment tracks (Re-Employment, Rapid Access to Employment and Self-Employment tracks) are much more likely to discontinue their plans than those in the IL track.

Table 3C-2. Factors that Contribute to Discontinuation as of the End of FY 2021

Explanatory Variable	Likelihood of Discontinuation ^{1,2}
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	+
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	-
2010 Cohort (compared to 2012 Cohort)	+
2014 Cohort (compared to 2012 Cohort)	+

¹ The effects are based on a logistic regression estimation where the dependent variable is a dichotomous variable, where one indicates discontinuation and zero indicates persisting program participation.

² Positive factors (+) in the second column indicate a higher likelihood of the Veteran discontinuing from the program, while negative (-) factors are those that lead to a lower likelihood of discontinuation.

Source: Regression Analysis of FY 2021 VBA Administrative and VR&E Survey Data

Factors associated with a higher likelihood of discontinuation include the Veteran's disability rating and having a mental health condition as the primary diagnosis. Older and male Veterans are also more likely to discontinue relative to younger and female Veterans. Additionally, Veterans in the 2010 Cohort and Veterans in the 2014 Cohort are more likely to have discontinued by FY 2021 relative to their counterparts in the 2012 cohort.

Factors associated with a reduced likelihood of discontinuing include the Veteran's pre-rehabilitation salary, having at least some college education at program entry, having served a greater number of months on active duty, service as an officer and serving in either of the Gulf War Eras. Veterans with an SEH were significantly less likely to have discontinued than their counterparts.

Positive Outcomes

This section describes Veterans across each cohort who achieved positive outcomes. Positive outcomes include rehabilitation (IL, employment, or education) and Veterans who discontinued

with maximum rehabilitation gains (either employed or employable). Discontinued Veterans are considered as having positive outcomes if they have any of the following:

- The Veteran is **employable** in a suitable occupation, but:
 - Has received services toward a vocationally oriented goal;
 - Substantially improved their circumstances through gain in self-management, self-advocacy, or independence in daily living; or.
- The Veteran is **employed** due to contributions from the VR&E program, but their employment does not meet with criteria for closure as rehabilitated.

Table 3C-3 presents the frequency in types of positive outcomes by cohort as of the end of FY 2021. Rehabilitation from employment was the most prevalent positive outcome at about one-third of each cohort. Cohort I was more likely to have rehabilitation from IL (6%) as compared to the other two cohorts (3 % for Cohort II and 2% for Cohort III).

Table 3C-3. Positive Outcomes by Type across Cohorts as of the End of FY 2021

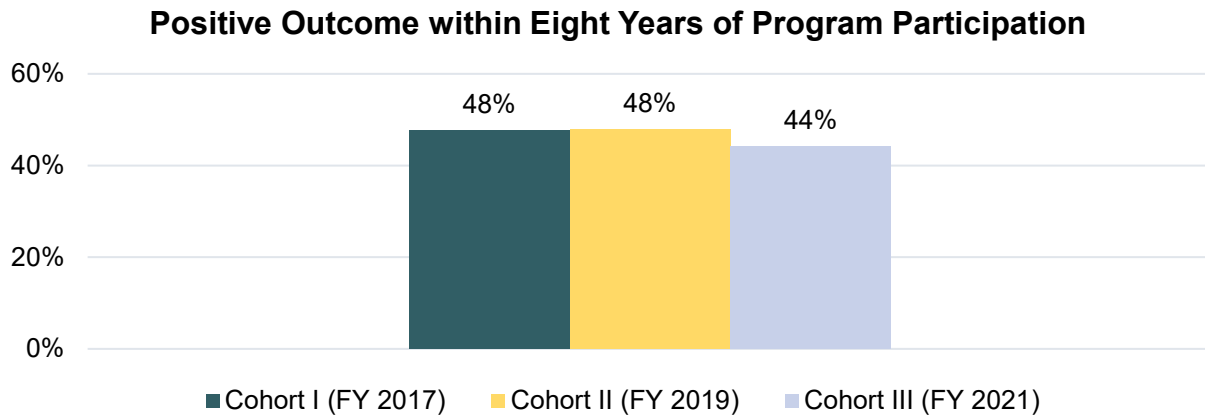
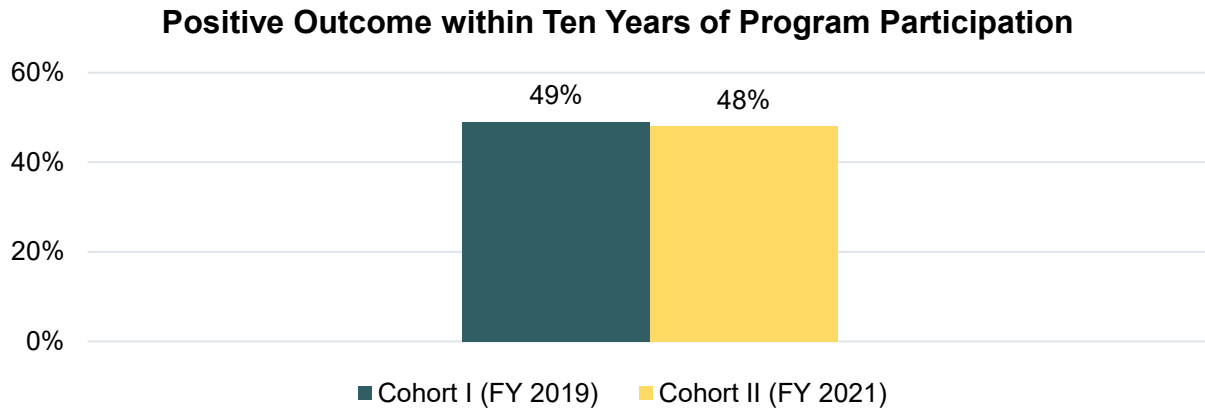
Type of Positive Outcome	Cohort I FY 2010		Cohort II FY 2012		Cohort III FY 2014	
	#	%	#	%	#	%
Rehabilitation from Independent Living	653	6%	538	3%	351	2%
Rehabilitation from Employment	3,388	31%	5,350	35%	6,998	33%
Rehabilitation from Unknown Track	31	0%	4	0%	1	0%
Discontinued and Employable	972	9%	1,238	8%	1,584	8%
Discontinued and Employed	209	2%	260	2%	371	2%
Total Positive Outcomes	5,253	49%	7,390	48%	9,305	44%

Source: VBA Administrative Data, FY 2021

Positive outcomes are likely related to the time spent engaging in services within the VR&E program. Therefore, it is important to consider the overall time cohort members have been participating in the program when comparing positive outcomes across cohorts. As such, a common elapsed time is used to compare cohort outcomes, specifically, within eight years of beginning a rehabilitation plan for all three cohorts and within ten years of beginning a rehabilitation plan for Cohorts I and II. As each cohort reaches these benchmarks in different years, it is possible to compare the outcomes achieved within eight years of beginning services by using data from FY 2017, FY 2019, and FY 2021 for Cohort I, II, and III, respectively. Similarly, to compare outcomes achieved within ten years of beginning services, data from FY 2019 for Cohort I and FY 2021 for Cohort II is used. Figure 3C-3 shows that nearly half of Cohort I and Cohort II Veterans achieved some positive outcome within ten years of program

participation. Limiting the analysis to eight years of program participation shows that 44% of Cohort 3 participants achieved some positive outcome as compared to 48% for both Cohorts I and II.

Figure 3C-3. Percentage of Veterans who Achieved Some Positive Outcome by Cohort



Source: VBA Administrative Data, FY 2021

3D. EMPLOYMENT AND STANDARD OF LIVING OUTCOMES

This section presents descriptive information about employment and standard of living outcomes experienced by cohort members. The main source of data used to measure post-program outcomes is the annual 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. The discussion concentrates on outcomes experienced by cohort members who achieved rehabilitation and who discontinued.

When interpreting the findings, it is important to note that data across cohorts are not comparable given the three cohorts began a rehabilitation plan at different points in time. Hence, a larger

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.

Employment and Standard of Living Outcomes:

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

proportion

of cohort members in the earlier cohorts have exited the program. As such, one would expect employment and standard of living outcomes to be better for earlier cohorts versus newer cohorts. The data presented in this section does in fact confirm that cohort outcomes improve over time. Cohort I has had more time 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. While in the past, Cohort I has reported higher

employment rates, annual earnings, annual income amounts, and homeownership rates than Cohorts II and III, and Cohort II has reported better outcomes than Cohort III, the difference in outcomes (for employment rate, annual earnings, annual income, and homeownership rate) is becoming smaller as members continue through the program.

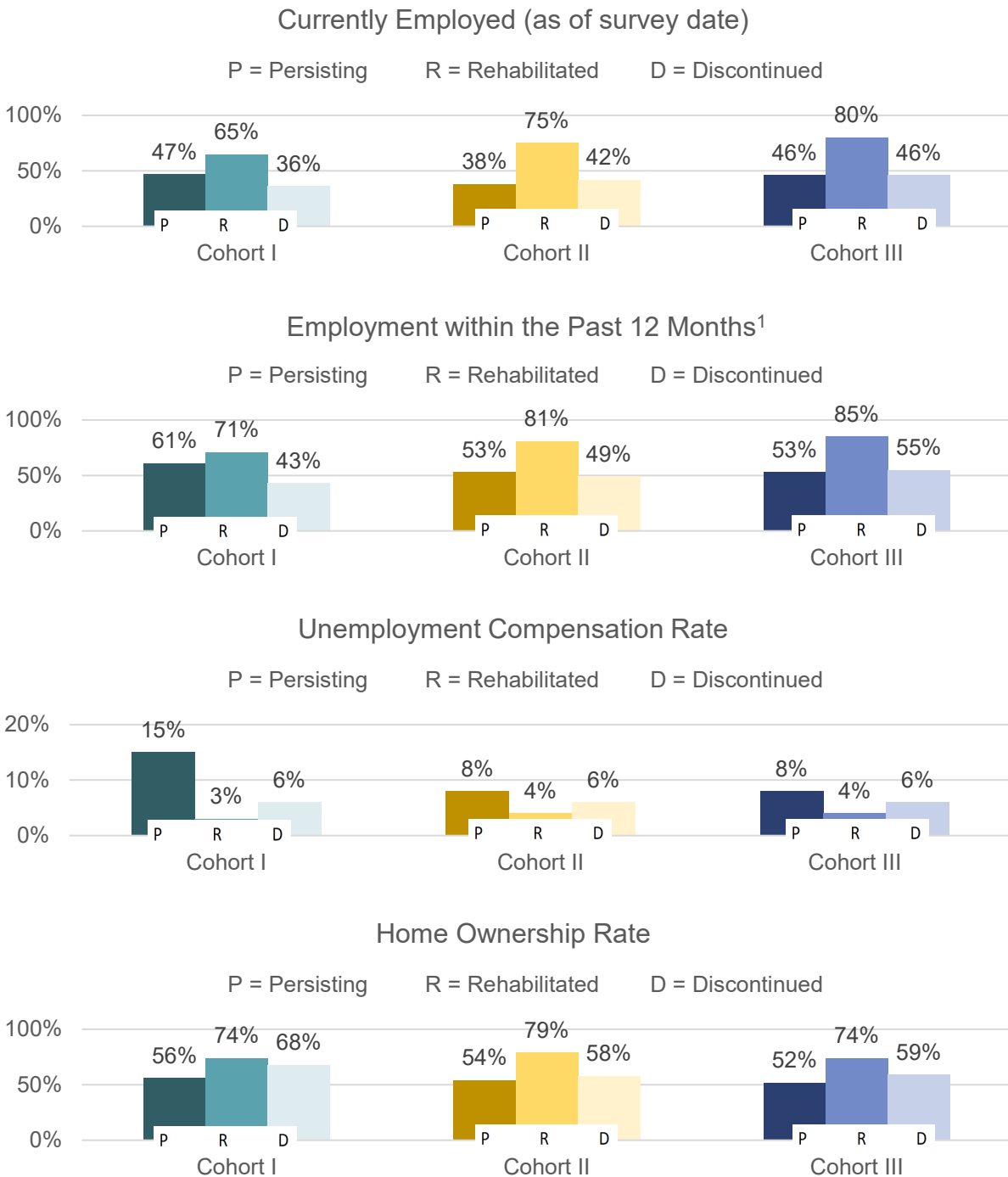
Employment and Standard of Living Outcomes

This section presents the employment and standard of living outcomes across cohorts and program participation status (rehabilitated, discontinued, and persisting). Employment outcomes include both current (at the time of survey completion) employment and employment within the past 12 months.

Examination of the findings in Figure 3D-1 reveals participants who have achieved rehabilitation have substantially better employment and standard of living outcomes than those who discontinued and those who are still persisting in their plans. For all three cohorts, Veterans who have achieved rehabilitation are significantly more likely to be employed than discontinued Veterans. In fact, the employment rates for rehabilitated Veterans are at least 29 percentage points higher than Veterans who were discontinued from the program. The second panel of Figure 3D-1 indicates that at least 71% of rehabilitated Veterans reported working at any time in the past 12 months. As to be expected with higher likelihood for employment, rehabilitated Veterans had lower rates for receipt of unemployment compensation.

Figure 3D-1 also shows a larger percentage of those who have successfully completed the program reported owning their principal residence, relative to those who discontinued. For rehabilitated Veterans in each cohort, the rate of homeownership is at least 74%, which is higher than the rate across the United States population (65.5%). All three cohorts have shown increases in homeownership since last year.

Figure 3D-1. Employment and Standard of Living Outcomes by Cohort (%)

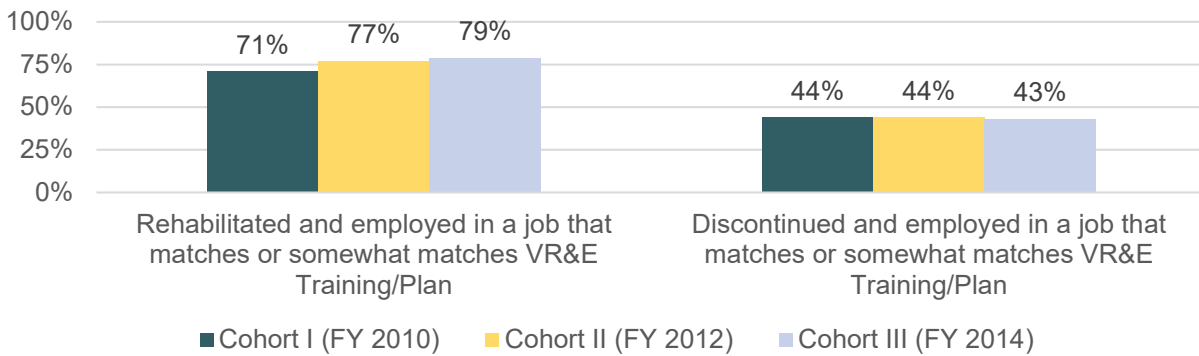


Note: Averages and percentages are based on survey data that has been weighted to reflect the cohort population.
¹Percentage of cohort members who reported working at any point in the past 12 months (including working currently as of the survey date).

Source: VR&E Longitudinal Survey Data, FY 2021

Figure 3D-2 shows that among Veterans who reported being currently employed, at least 71% of those who achieved rehabilitation indicated they were employed in a job that matches or somewhat matches their training/plan provided by VR&E, compared to roughly 44% of those who were discontinued.

Figure 3D-2. Percentage of VR&E Participants who Achieved Rehabilitation or Discontinued and are Employed in a Job that Matches or Somewhat Matches VR&E Training/Plan as of the End of FY 2021

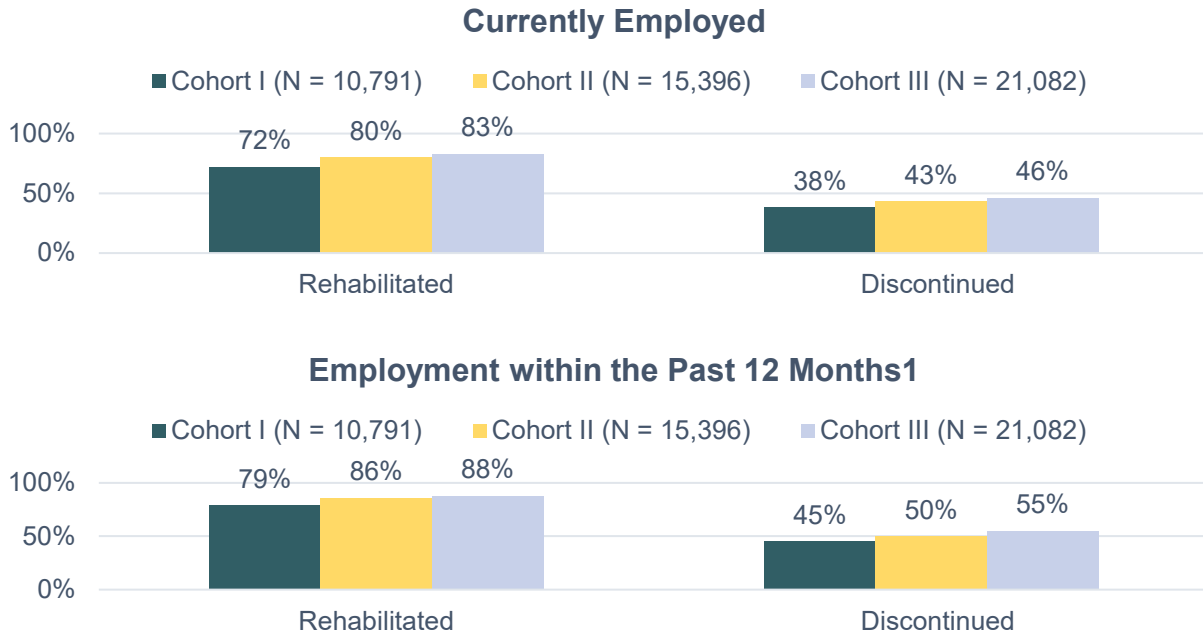


Source: VR&E Longitudinal Survey Data, FY 2021

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 IL track. The goal of the IL track is for Veterans to live independently within their homes and communities and not to necessarily obtain employment.

Employment rates among Veterans who exit from an employment plan are higher than employment rates among all Veterans who achieve rehabilitation. As shown in Figure 3D-3, between 72% and 83% of Veterans who achieved rehabilitation from an employment plan were currently employed at the time of the survey, and between 79% and 88% were employed within the past 12 months. These percentages are higher than the values in Figure 3D-1 for all Veterans who achieved rehabilitation. It is not expected that all participants who achieve rehabilitation from an employment plan will report being employed given that some employable Veterans elect to pursue further education after successfully completing their rehabilitation plans instead of immediate employment.

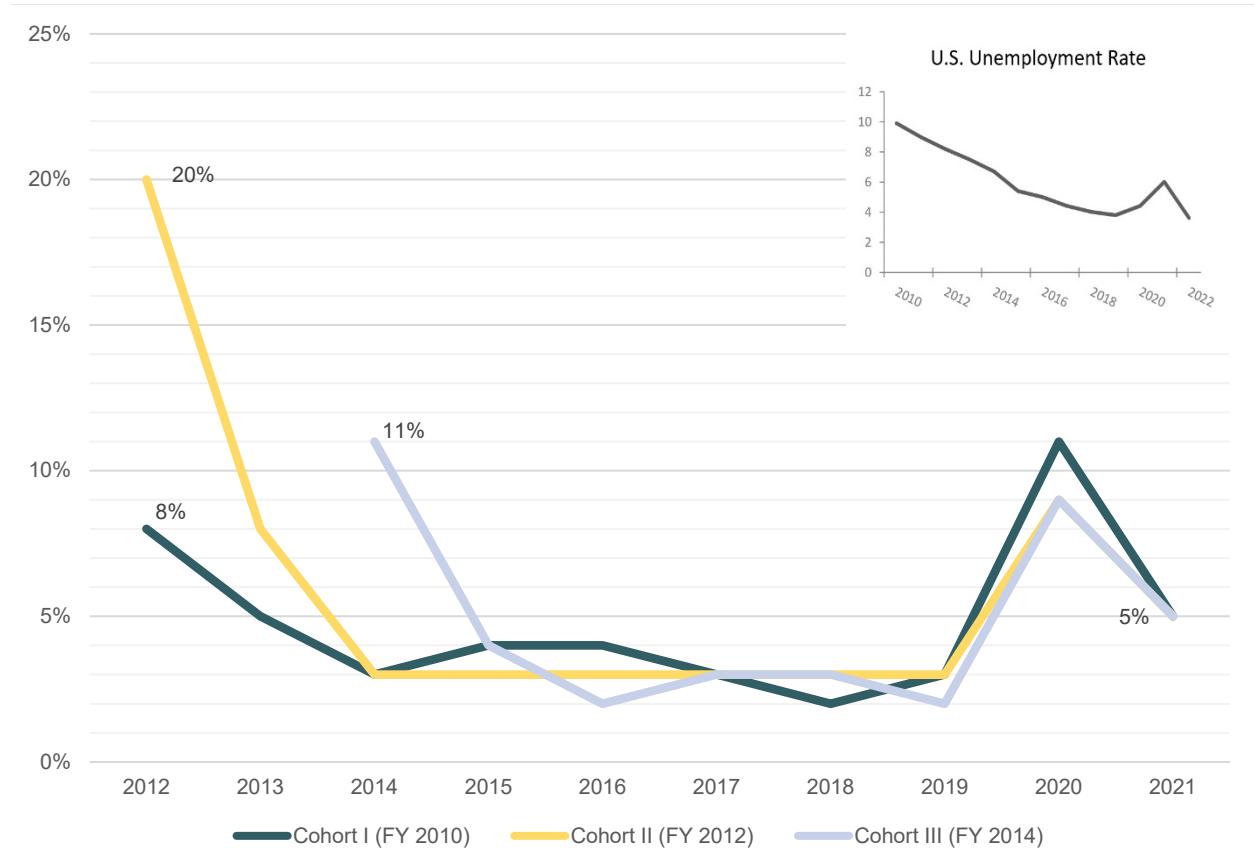
Figure 3D-3. Employment Rates for VR&E Participants who Achieved Rehabilitation or Discontinued from an **Employment Plan** as of the End of FY 2021



Note: Averages and percentages are based on survey data that has been weighted to reflect the cohort population.
¹Percentage of cohort members who reported working at any point in the past 12 months (including working currently as of the survey date).
 Source: VR&E Longitudinal Survey Data, FY 2021

Figure 3D-1 indicated that a smaller percentage of cohort members reported receiving unemployment benefits at some point during the past 12 months than was reported for 2020. When comparing overall cohort unemployment benefits usage rates between FY 2020 and FY 2021, there was a 6-percentage point decrease for Cohort I, a 4-percentage point decrease for Cohort II, and a 4-percentage-point decrease for Cohort III. As shown in Figure 3D-4, the sharp decrease in unemployment benefits usage mirrors the decrease in the U.S. unemployment rate.

Figure 3D-4. Unemployment Benefits¹ Usage Rate of VR&E Participants over Time, by Cohort

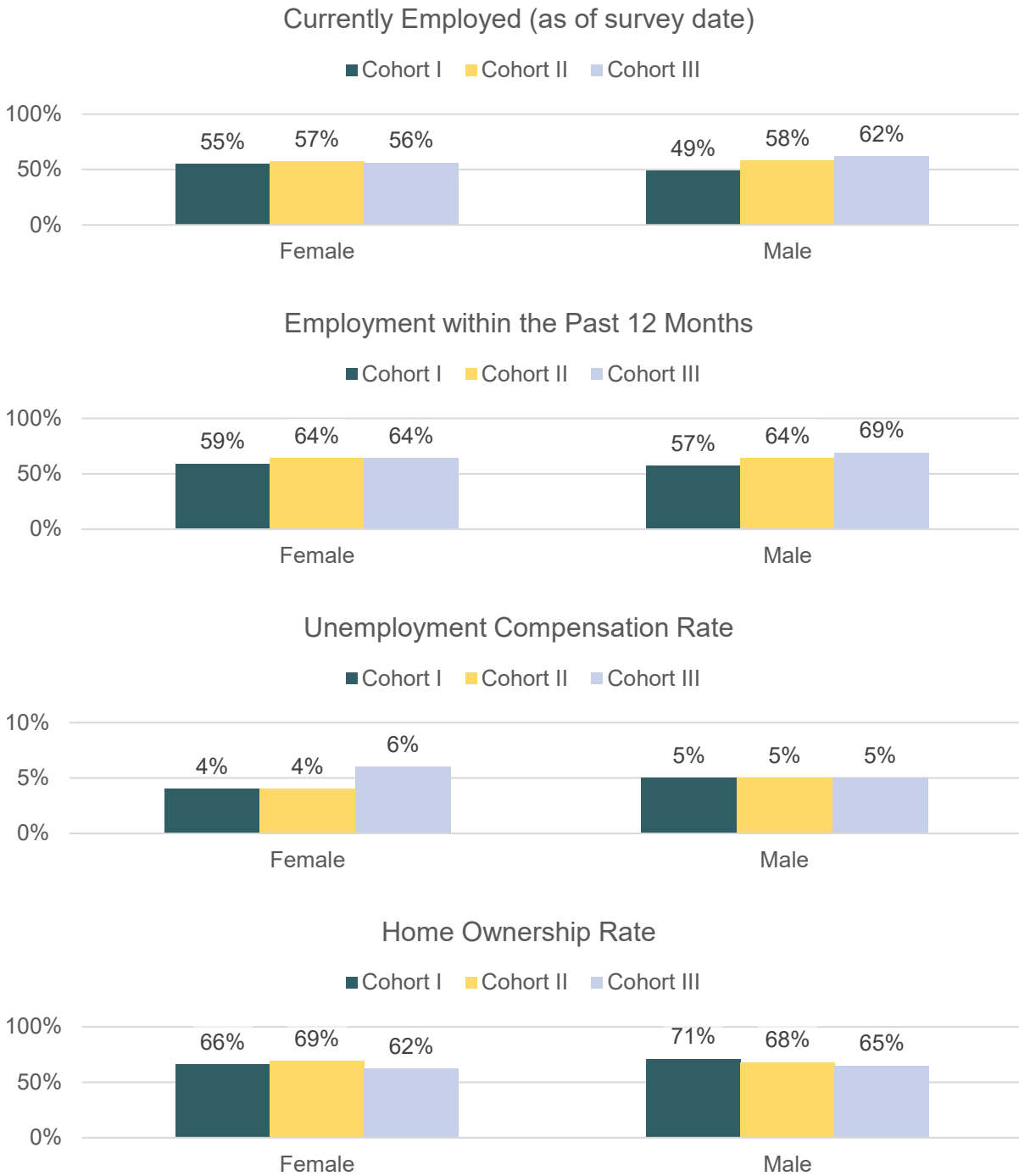


¹Prevalence of unemployment compensation among Cohort members is captured by the VR&E Longitudinal Survey with the following question: During the past 12 months, did you receive unemployment compensation?

Source: VR&E Longitudinal Survey Data, FY 2021

Figure 3D-5 presents employment and standard of living outcomes by gender and cohort. The figure indicates that between 55% and 57% of females are currently employed, compared to 49% to 62% for males. The difference in employment rates may be due to the difference, by gender, in age (on average, females are 5 years younger than males, among those who are rehabilitated or discontinued), years of service and rehabilitation rates. Only for Cohort II are the employment rates about the same. The employment rates are closer for those employed within the past 12 months. Rates of homeownership are comparable, but slightly higher for males in Cohorts I and III.

Figure 3D-5. Employment and Standard of Living Outcomes by Gender and Cohort (%)



Source: VR&E Longitudinal Survey Data, FY 2021

Earnings and Income Outcomes

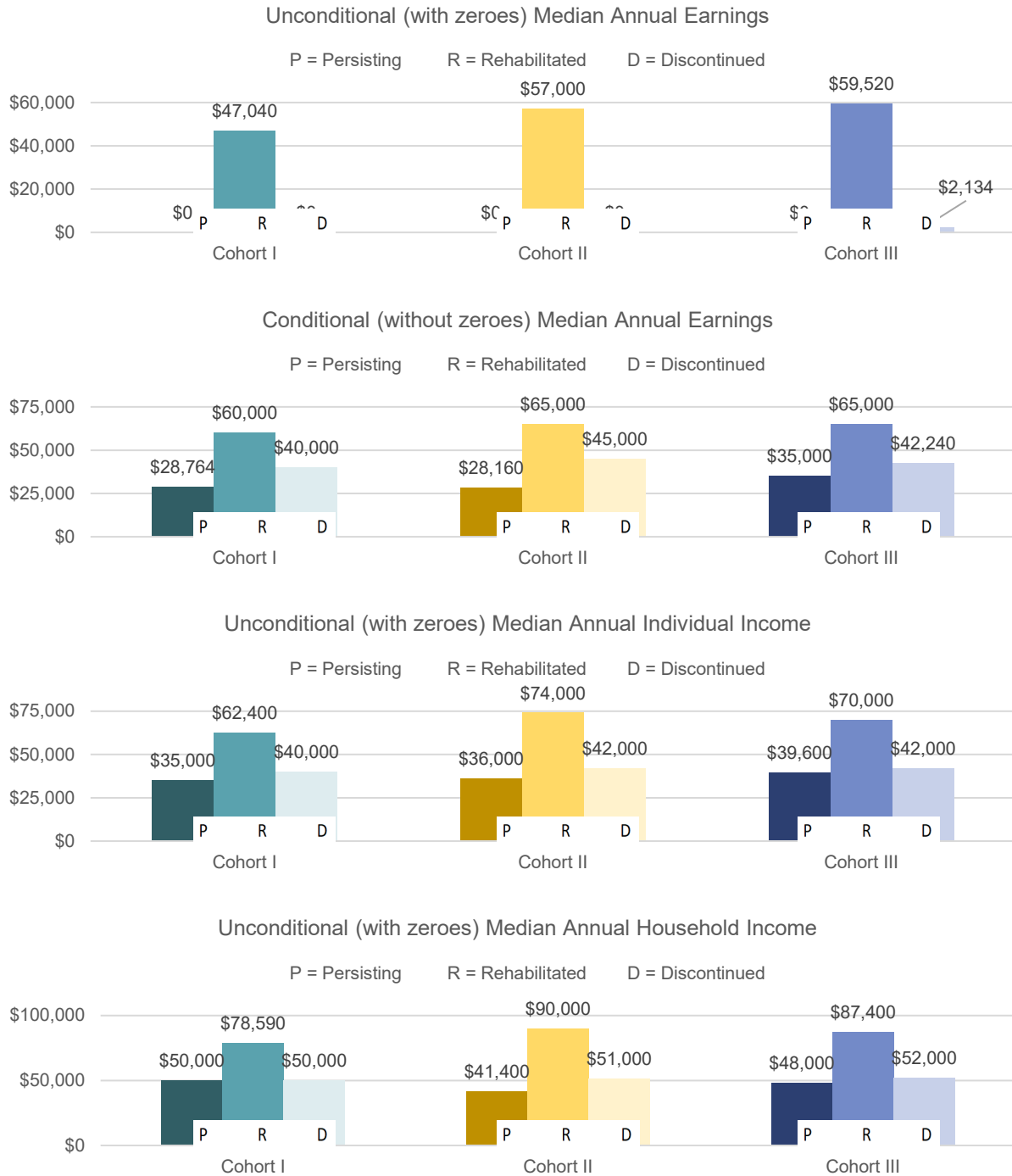
This section presents the earnings and income outcomes across cohorts and program participation status (rehabilitated, discontinued, and persisting). Earnings and income outcomes include both individual and household income. Figures in this section report either the unconditional (includes zero values in analyses) median or the conditional (excludes zero values in analyses) median.

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 three cohorts. Figure 3D-5 indicates that the median individual income for Veterans who achieved rehabilitation is at least \$22,000 higher than that of discontinued Veterans. The median household income for participants who achieved rehabilitation is at least \$28,500 higher than that of discontinued participants. Additionally, the median annual earnings of Veterans who achieved rehabilitation in all three cohorts are higher than that of Veterans overall and the average American, based on data from the 2020 American Community Survey.¹⁸

Participants who achieved rehabilitation also earn substantially higher earnings over the past 12 months relative to discontinued participants, which is largely due to more participants who completed the program that are working. Further examination of Figure 3D-5 indicates that when comparing the average annual earnings of only those cohort members who reported working, on average, rehabilitated participants earned \$20,000 more than discontinued participants for all three cohorts.

¹⁸ <https://data.census.gov/cedsci/table?q=Veterans&tid=ACSDT5Y2020.B21004>

Figure 3D-6. Earnings and Income Outcomes by Cohort



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 plan are not included in the average earnings calculations, given that employment is not a goal of those programs. 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.

Source: VR&E Longitudinal Survey Data, FY 2021

Factors that Contribute to Employment and Earnings

This section summarizes and discusses the findings from multivariate regression analysis that identify the factors that explain employment outcomes and income-related outcomes for those who are no longer in the program. Detailed results of the regression analyses are presented in Appendix I. The regression analyses related to employment outcomes (that is, current employment and annual earnings) include only those Veterans who exited from an employment plan. Veterans in Independent Living (IL) and Extended Evaluation (EE) plans are excluded from these analyses as the goal of those plans are not related to employment. “Annual earnings” is defined as the amount earned, before taxes and other deductions, in the past 12 months from all jobs or businesses.

Table 3D-1 presents the factors significantly associated with employment as of FY 2021. Several factors are associated with employment among VR&E participants. As of FY 2021, Veterans who successfully rehabilitated from an employment plan were much more likely to be employed than those who discontinued their employment plan. An SEH, disability rating and primary mental health diagnosis are negatively associated with employment. This indicates that Veterans with one of these factors are associated with a lower likelihood of being employed. Older

Achieving rehabilitation is the dominant factor associated with employment. Veterans who achieve rehabilitation are much more likely to be employed than those who discontinue. Disability severity is significantly related to Veteran unemployment.

Veterans and Veterans who participated in VR&E for longer periods of time were also less likely to be employed in FY 2021.

Multiple factors related to the Veteran’s military service are positively associated with employment, including service in the Gulf War II period and length of military service. Additionally, being male, having completed some college education at program entry and the Veteran’s pre-rehabilitation

salary are positively associated with employment.

Table 3D-1. Factors that Contribute to Employment Outcomes as of the End of FY 2021

Explanatory Variable	Currently Employed ¹
Rehabilitation status (compared to discontinued)	+
Serious employment handicap (SEH)	-
Male	+
Age	-
Disability rating	-
Some college or higher at program entry	+
Primary mental health diagnosis	-
Served in Gulf War I Period	N.S.
Served in Gulf War II Period	+
Length of military service	+
Pre-rehabilitation salary	+
Number of dependents	N.S.
Weeks from program start to exit	-

Note: Models include only Veterans who exited the program from an employment track. We excluded Veterans who exited from the IL track or from an extended evaluation plan because few were employed.

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

Source: VR&E Longitudinal Survey Data and VBA Administrative Data, FY 2021

Table 3D-2 presents the significant factors that contribute to annual earnings among those Veterans who exited the program from an employment plan. Veterans who successfully rehabilitated from an employment plan earned much more over the past 12 months relative to those who discontinued their employment plans. Factors related to military service were also associated with higher earnings – longer military service and officer status were both associated with higher annual earnings. Male Veterans, those with dependents, higher pre-rehabilitation salary and those with some college education were also associated with higher annual earnings. Veterans with a primary mental health diagnosis, an SEH and a higher disability rating were associated with lower earnings. Older Veterans also report lower earnings, on average.

Table 3D-2. Factors that Contribute to Annual Earnings as of the End of FY 2021

Explanatory Variable	Annual Earnings ¹
Rehabilitation status (compared to discontinued)	+
Officer	+
Male	+
Primary mental health diagnosis	-
Serious employment handicap (SEH)	-
Age	-
Disability rating	-
Some college	+
Number of dependents	+
Pre-rehabilitation salary	+
Length of military service	+

Note: Models include only Veterans who exited the program from an employment track. We excluded Veterans who exited from the IL track or from an extended evaluation plan because few were employed.

¹The effects are based on a linear regression estimation where the dependent variable is a continuous variable.

Source: VR&E Longitudinal Survey Data and VBA Administrative Data, FY 2021

Factors that Contribute to Income

Multivariate regression is used to identify the factors that influence annual income for those who have exited the program. Detailed results of the regression analyses can be found in Appendix I. Individual income was defined as the gross income VR&E participants received from all sources before taxes. These sources include earnings from a job, benefits received from government programs and retirement, pension, investing or savings income from which Veterans receive regular payments. Since surveyed income includes funds from all sources, not just earnings from a job, the majority of Veterans that exit are expected to report positive income, regardless of employment status. For example, Veterans with an SCD may be eligible to receive disability compensation. For this reason, all Veterans who exit from the VR&E program are included in the income regression analyses, including those who exit from an IL plan or an EE plan. Table

3D-3 summarizes the factors that are significantly related to annual individual and household income as of FY 2021.

Prior service in the officer corps and program status are the two factors most strongly associated with individual income and household income.

Prior service in the officer corps and program status are the two factors with the strongest association with individual income. As of FY 2021, former officers in the sample had higher individual incomes over the past

12 months than those who served in the enlisted ranks.

Similarly, Veterans who achieved rehabilitation reported higher annual individual incomes relative to those who discontinued. Other characteristics with a positive association with individual income include being male, having at least some college experience, service in the

Gulf War II period, pre-rehabilitation salary, disability rating, number of dependents, and length of military service. Factors negatively associated with individual income include age and having a mental health condition as a primary diagnosis.

Table 3D-3. Factors that Contribute to Income as of the End of FY 2021

Explanatory Variable	Individual Income	Household Income
Officer status	+	+
Rehabilitation status (compared to discontinued)	+	+
Employment through Long-Term Services Track (compared to Independent Living)	N.S.	+
Other employment tracks (compared to Independent Living)	N.S.	+
Male	+	N.S.
Service in Gulf War II period	+	+
2010 Cohort (compared to 2012 Cohort)	N.S.	N.S.
2014 Cohort (compared to 2012 Cohort)	N.S.	N.S.
Primary mental health diagnosis	-	-
Pre-rehabilitation salary	+	+
Some college or higher	+	+
Serious employment handicap (SEH)	N.S.	N.S.
Age	-	-
Disability rating	+	N.S.
Number of dependents	+	+
Length of military service	+	+
Weeks from program start to exit	N.S.	N.S.
Earned Degree	N.S.	N.S.

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.

N.S. = not significant

Source: VR&E Longitudinal Survey Data and VBA Administrative Data, FY 2021

The strongest predictors of household income are prior service as an officer, program status (that is, successful rehabilitation) and participation in an employment track. Other factors associated with higher household income include pre-rehabilitation salary, some college education, number of dependents, length of military service and service in Gulf War II period. Veterans with a mental health condition as a primary diagnosis and Veteran age are factors associated with lower household income.

Several factors are positively associated with both individual and household income for VR&E participants. The salary participants earned prior to enrollment and Veterans' length of service are both associated with higher income at the individual and household levels. That length of

service is associated with higher incomes is not surprising given that Veterans who served longer would be more likely to be eligible for military retirement pay.

3E. PARTICIPANT RE-ENTRIES

The VR&E program allows Veterans who have had a change in circumstance to re-apply to the program following rehabilitation or discontinuation. Veterans who choose to re-enter the program are required to complete a new evaluation. Based on the results of this evaluation, Veterans may re-enter the VR&E program and develop a new plan of services to meet their current circumstances.

A proportion of VR&E participants from each of the three cohorts have re-entered the program after a previous discontinuation or rehabilitation. Table 3E-1 summarizes the number of Veterans who have re-entered by cohort and prior participation status, which reveals that more Veterans re-enter the program following a previous discontinuation, compared to those who re-enter after having been previously rehabilitated. The table also shows that Cohort III has the largest number of Veterans who have re-entered after a previous discontinuation and the largest number of Veterans who re-entered after a successful rehabilitation.

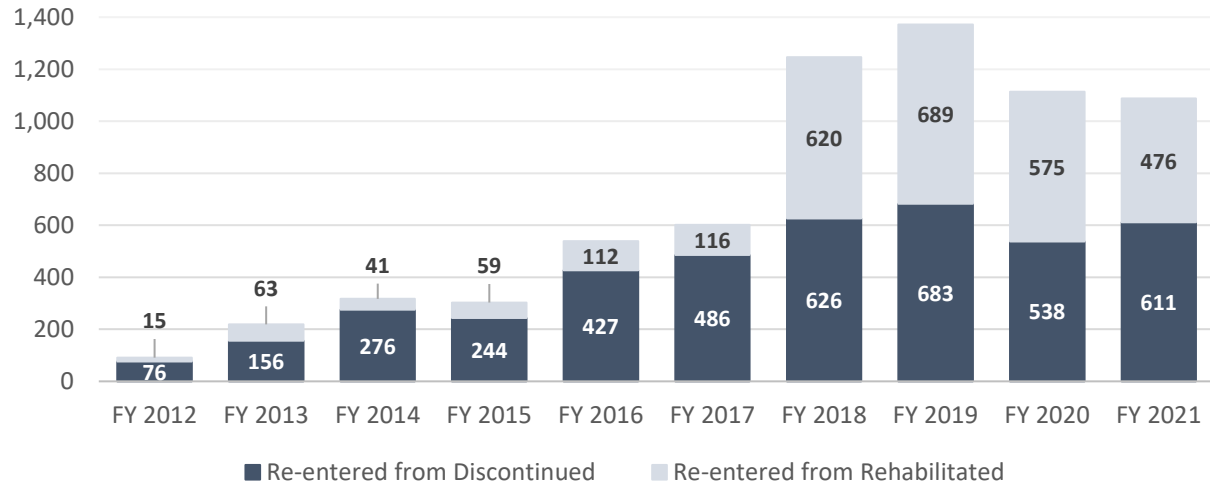
Table 3E-1. Number of Veterans who Re-Entered the VR&E Program after Discontinuation or Rehabilitation, by Cohort

Cohort	Re-entered After Discontinuation	Re-entered After Rehabilitation
FY 2010 Cohort	975	626
FY 2012 Cohort	1,199	907
FY 2014 Cohort	1,667	1,104
Total	3,841	2,637

Source: VBA Administrative Data, FY 2021

Figure 3E-1 displays the annual number of re-entries over time. Since FY 2012, Veterans have re-entered the program after a discontinuation or rehabilitation a total of 6,889 times. The largest number of re-entries into the VR&E program occurred in FY 2019. As shown in Figure 3E-1, the number of re-entries has increased each year (with the exception of FY 2015) up to FY 2019, when the largest proportion of re-entries occurred (20%). Since FY 2019, the total number of Veteran re-entries has decreased each year. In FY 2021, 476 Veterans re-entered the program after rehabilitating (a decrease from FY 2021) and 611 Veterans re-entered following a discontinuation (an increase from FY 2021).

Figure 3E-1. Number of VR&E Participants who Re-Entered the Program from a Discontinued or Rehabilitated Status (all Cohorts Combined)

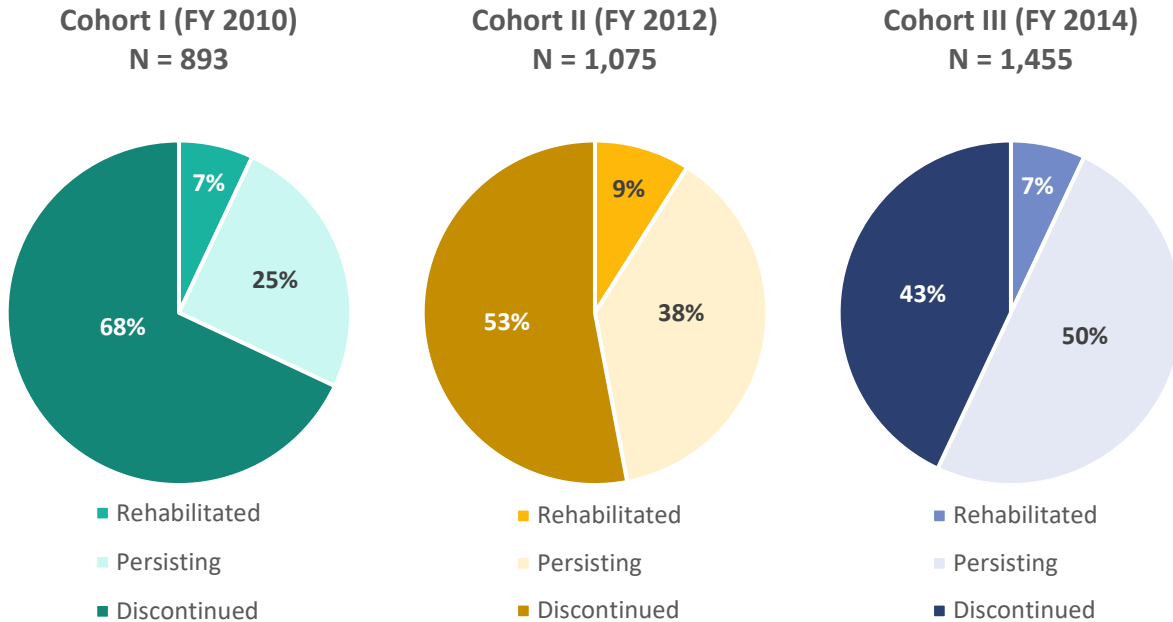


Source: VBA Administrative Data, FY 2021

Veterans who re-enter the VR&E program differ demographically from the overall cohort population. Veterans who re-enter the program are more likely to have a higher combined disability rating compared to their peers who have never re-entered the program (79% versus 72%), suggesting that disability conditions potentially affect their ability to remain employed. Additionally, a higher proportion of Veterans who re-enter the program have a primary diagnosis of PTSD compared to those who have not yet re-entered the program (36% versus 30%).

Figure 3E-2 displays the FY 2021 participation status (persisting, rehabilitated, and discontinued) of Veterans who re-entered the program after being discontinued. Among these Veterans, Cohort III has the largest percentage of persisting Veterans in their new plan of service. Only one-quarter (25%) of Cohort I Veterans who re-entered a plan of service after a previous discontinuation were still persisting in their new plan as of FY 2021, compared to over one-third (38%) of Cohort II and half (50%) of Cohort III Veterans. As shown in Figure 3E-2, the majority of Veterans in Cohorts I and II have discontinued a second time after re-entering the program following an initial discontinuation. A relatively small proportion of Veterans from each cohort successfully rehabilitate after previously discontinuing from the program. Figure 3E-2 suggests that it is more likely for Veterans who have previously discontinued to re-enter the program and discontinue for a second time, as opposed to successfully rehabilitating.

Figure 3E-2. FY 2021 Status of Veterans who Re-Entered the VR&E Program after **Discontinuation**, by Cohort



Source: VBA Administrative Data, FY 2021

Figure 3E-3 displays the FY 2021 participation status (persisting, rehabilitated, and discontinued) of Veterans who re-entered the program after successfully rehabilitating. Veterans can re-enter the program after a successful rehabilitation for several reasons.

Veterans who are rehabilitated from an employment plan can re-enter the program if they have an SCD and either the:

- SCD has worsened, and it is determined that the effects of the SCD preclude the Veteran from performing the duties of the occupation for which he or she previously was found rehabilitated; or
- Occupation for which the Veteran previously was found rehabilitated under Chapter 31 is found to be unsuitable based on the Veteran's specific employment handicap and capabilities.

Veterans who are rehabilitated from an IL plan can re-enter the program if:

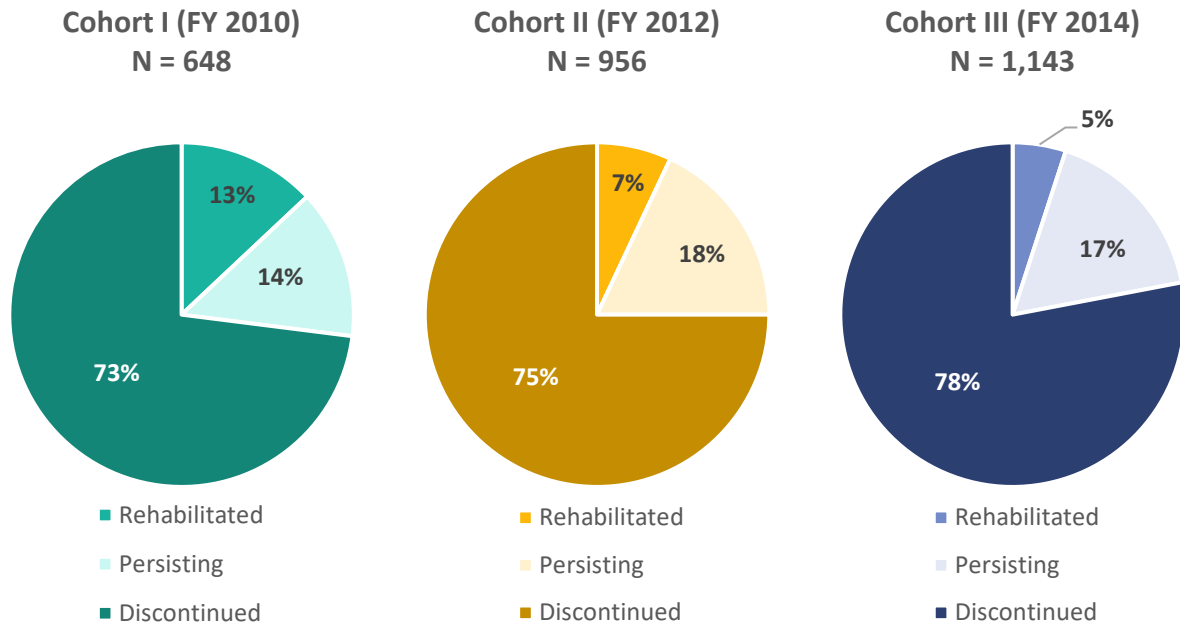
- The Veteran's condition has worsened, and as a result, the Veteran has sustained a substantial loss of independence; or
- Other changes in the Veteran's circumstances have caused a substantial loss of independence.

A finding of rehabilitation to the point of employability by VA may be set aside during a period of employment services if any of the following are met:

- The rehabilitation services originally provided to the Veteran are now inadequate and will not assist the Veteran with becoming employed in the occupation he or she pursued.
- It has been demonstrated that employment in the selected vocational goal may not currently be appropriate.
- The Veteran is no longer able to perform the duties of the occupation for which he or she was trained because of technological change.

As shown in Figure 3E-3, in each cohort, less than 20% of Veterans who re-entered the program following rehabilitation are still persisting in their new program as of FY 2021. Across all cohorts, approximately 75% of Veterans who re-entered the program following a successful rehabilitation, discontinued as of FY 2021. Comparatively, a small proportion of Veterans who re-entered the program after rehabilitating achieved rehabilitation for a second time. Figure 3E-3 suggests Veterans who re-enter the VR&E program after achieving rehabilitation in their initial plan of services are more likely to discontinue from their new plan of services, as opposed to successfully rehabilitating for a second time.

Figure 3E-3. FY 2021 Status of Veterans who Re-Entered the VR&E Program after **Rehabilitation**, by Cohort



Source: VBA Administrative Data, FY 2021

3F. COHORT COMPARISONS

Cohort outcomes are presented throughout this report as of FY 2021. However, these findings are affected by the differing lengths of time that each cohort has been in the study. As a result, this section compares findings for cohorts using a common elapsed time, specifically within eight years of beginning a rehabilitation plan for all three cohorts. This section also compares findings for Cohort I and II within ten years of beginning a rehabilitation plan. This section includes comparisons of program-related outcomes based on administrative data, such as the proportion of cohort members who have exited the program within the first eight years of program entry. This section also presents employment and standard of living outcomes, based on VR&E Longitudinal survey data, using

Within ten years of beginning an employment plan, **35%** of Cohort I members and **37%** of Cohort II members achieved rehabilitation.

It is important to remember that the majority of VR&E participants are in the Employment through Long-Term services track, and many in this track are pursuing additional training or education that may take several years to complete.

the same periodicity when comparing cohorts. Specifically, this section compares the employment rate, annual earnings, and annual income across cohorts.

Table 3F-1 displays the number of years each cohort has been involved in the VR&E program. As of the end of FY 2021, ten years had passed since Cohort II (2012) members first began a VR&E plan of services, while Cohort I (FY 2010) members reached this time benchmark in FY 2019. Therefore, the most recently collected survey data allows for comparisons of 10-year outcomes for Cohort I and Cohort II Veterans. As of FY 2021, eight years have passed since Cohort III members began a VR&E plan of services. Using data from FY 2017, FY 2019, and FY 2021 for Cohort I, II, and III, respectively, outcomes within eight years of beginning a VR&E program can be compared for all three cohorts.

Table 3F-1. Number of Years of VR&E Program Participation as of FY 2021, by Cohort

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cohort I	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Cohort II			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cohort III					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8

Comparison of Program Outcomes

Comparison of the cumulative proportion of cohort members who exited the program (through rehabilitation or discontinuation) within 10 years reveals VR&E participants are exiting the program at similar rates over time. Figure 3C-1, presented in Section 3C, shows that within one year of beginning services, only 1-2% of VR&E participants successfully achieve rehabilitation. Less than 10% achieve rehabilitation within two years of program entry. The number of cohort members who achieved rehabilitation continued to increase over time, with approximately one-quarter who rehabilitated within four years of beginning services (22% for Cohort I, 25% for Cohort II, and 24% for Cohort III). More than one-third achieved rehabilitation within eight years of participation (39% for Cohort I, 39% for Cohort II, and 35% for Cohort III).

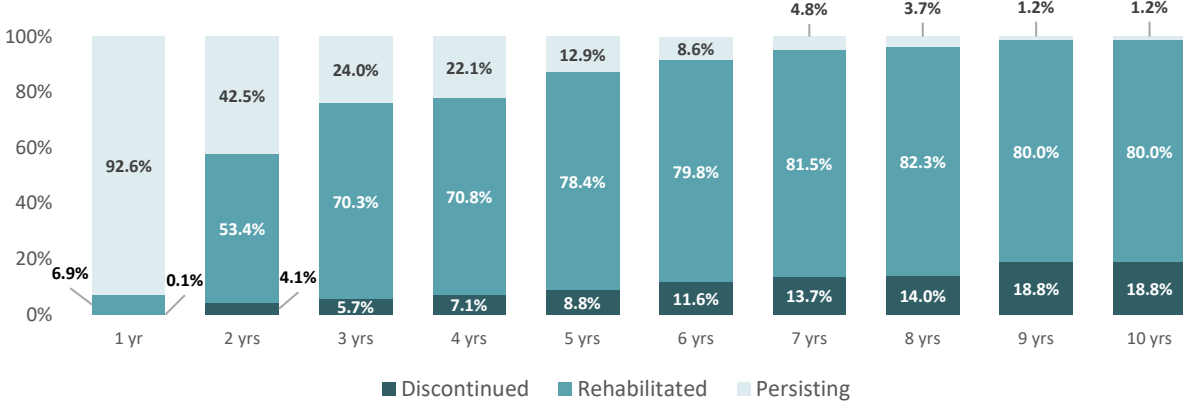
Figures 3F-1 and 3F-2 highlight the differences in the proportion of VR&E participants who rehabilitate or discontinue between the Veterans who pursue an IL plan or employment plan, respectively. The majority of participants pursue an employment plan, particularly the Employment through Long-Term Services track, to complete education and training programs that may take several years to complete. Figure 3F-1 indicates that for those pursuing an IL plan, 80% of Cohort I and 76% of Cohort II successfully rehabilitated within 10 years of beginning

services. As indicated in the figure, the largest increases in the proportion of Veterans in an IL program who achieve rehabilitation occur within two and three years of beginning the program. Post-9/11 Veterans who served on active duty and have a severe disability incurred or aggravated by that service may receive an extension beyond 30 months under certain circumstances.

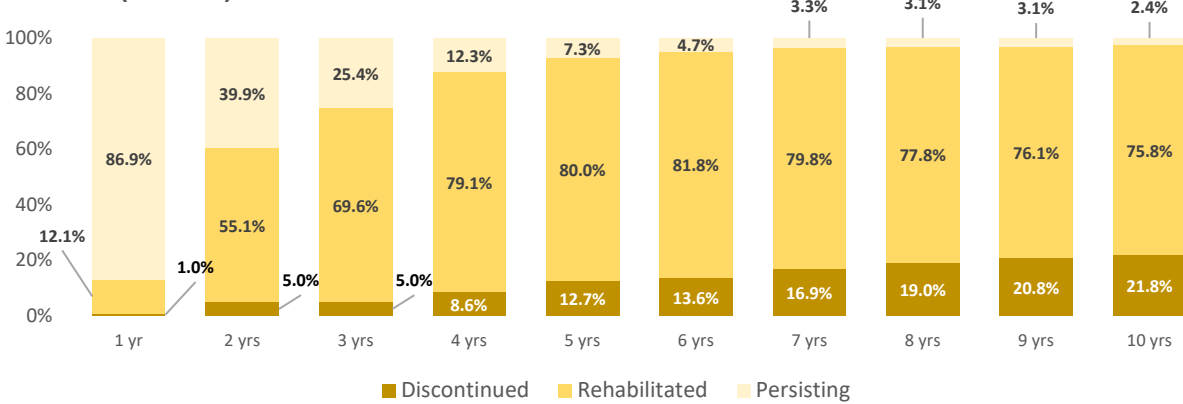
The vast majority of participants in an employment plan have rehabilitated or discontinued from the program within 10 years of beginning services, as shown in Figure 3F-2. Among Veterans in an employment plan, only 4% of Cohort I and 6% of Cohort II are still persisting in their plans within 10 years of beginning services. An additional one-third of Veterans in an employment plan have achieved rehabilitation within 10 years (35% of Cohort I and 37% of Cohort II). Across both cohorts, the proportion of Veterans who discontinued from an employment plan within 10 years was larger than the proportion who rehabilitated. Comparing results among VR&E participants in an employment plan for all three cohorts at the eight-year mark indicates that the percentage of participants who achieve rehabilitation within eight years of beginning a plan of service is between 34 and 38%. The proportion of cohort members who discontinue from an employment plan by the eight-year benchmark is higher among more recent cohorts (49% for Cohort I, 52% for Cohort II, and 56% for Cohort III).

Figure 3F-1. Cumulative Percentage of VR&E Participants in an **Independent Living** Track Who Achieved Rehabilitation, Discontinued or are Still Persisting as of Each Study Year, by Cohort

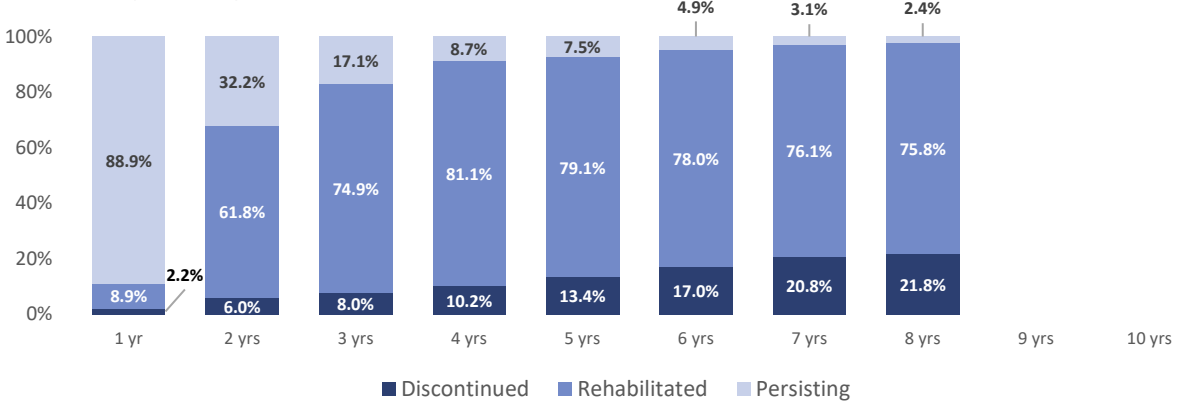
Cohort I (FY 2010)



Cohort II (FY 2012)

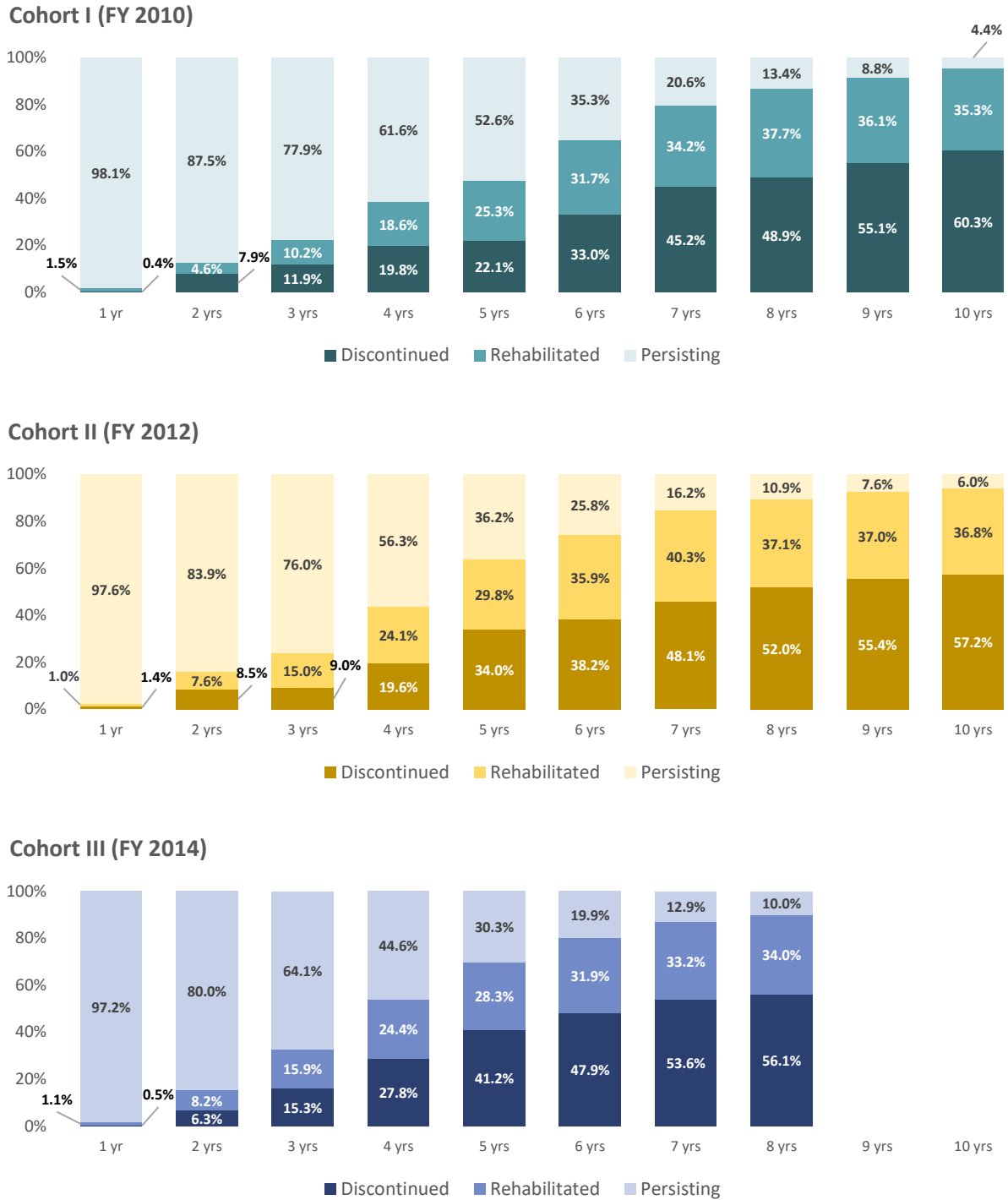


Cohort III (FY 2014)



Source: VBA Administrative Data, FY 2021

Figure 3F-2. Cumulative Percentage of VR&E Participants in an **Employment Track** Who Achieved Rehabilitation, Discontinued or are Still Persisting as of Each Study Year, by Cohort



Source: VBA Administrative Data, FY 2021

Comparison of Employment and Standard of Living Outcomes

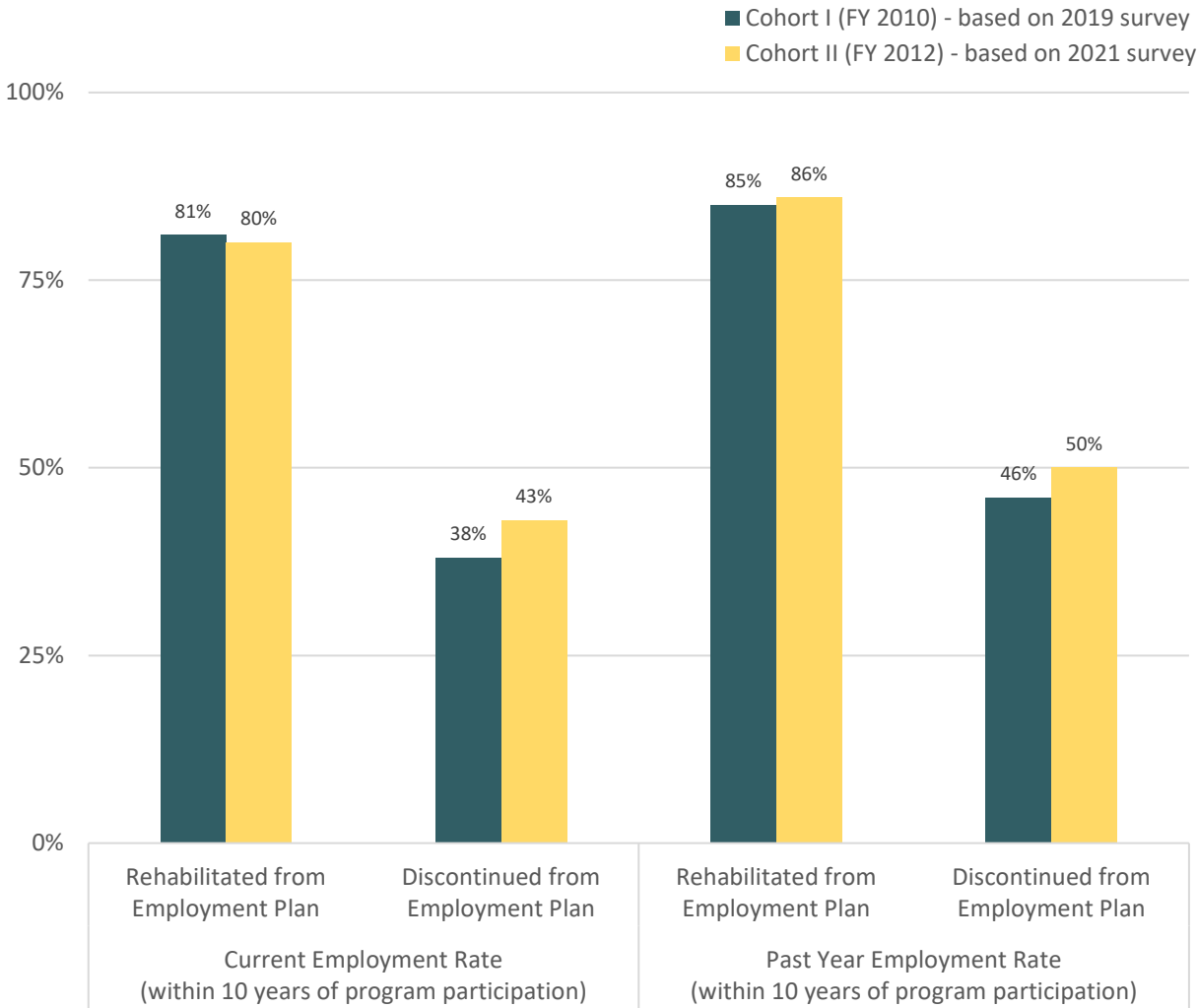
It is important to individually consider the employment outcomes for participants who exit the program from an employment plan versus an IL plan, given that the primary goals of these programs differ. Individuals pursuing an employment plan seek to obtain the skills and training necessary to be competitively employed in their field, while the primary goal of IL is to assist Veterans with achieving maximum independence in daily living within their family and communities versus employment. VR&E evaluates each participant as they near the completion of their rehabilitation goals and determines that their new training and skill development have 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.

This section compares the employment rate, annual earnings, and annual income for Cohort I and Cohort II within 10 years of beginning a service plan and across all three cohorts within eight years of beginning a service plan.

“Annual earnings” is defined as the amount earned, before taxes and other deductions, in the past 12 months from all jobs or businesses. Annual income is defined more broadly 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. While comparing these data, it is important to recognize that the 10-year outcomes reported for Cohort I are for outcomes achieved as of FY 2019, while the equivalent data for Cohort II are for outcomes as of FY 2021. Similarly, the reported eight-year outcomes are for outcomes achieved as of FY 2017 for Cohort I and as of FY 2019 for Cohort II, while the equivalent data for Cohort III are for outcomes as of FY 2021. 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.

As shown in Figure 3F-3, both Cohort I and II experienced similar rates of employment for those who exited the VR&E program from an employment plan within 10 years of beginning services. As expected, Veterans who achieved rehabilitation from an employment plan have significantly higher rates of employment compared to Veterans who discontinued from an employment plan. The figure also reveals that the employment rate was about the same or higher within the past year, suggesting stability in the employment status of Veterans within Cohort I and II.

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

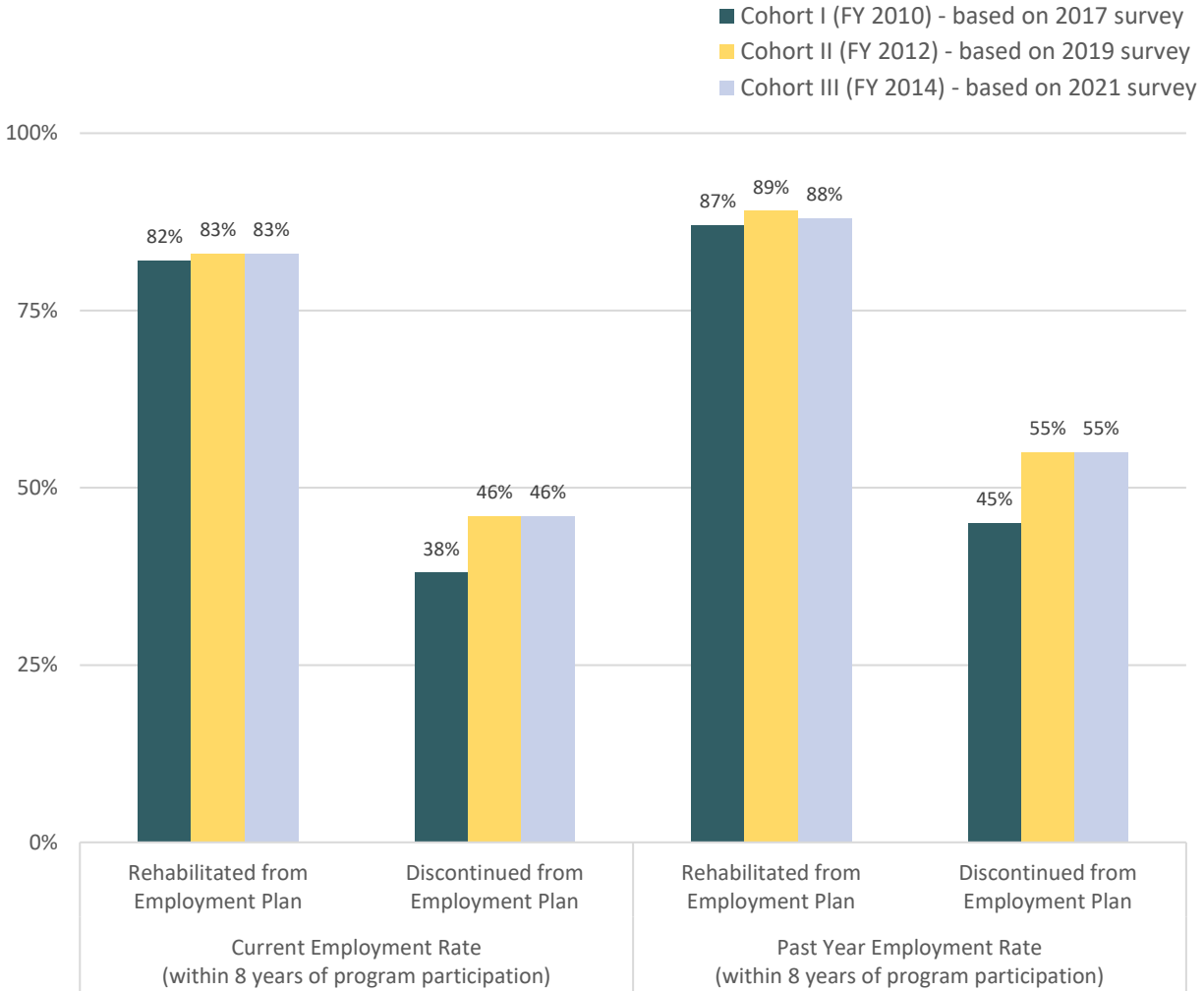


Note: Percentages (%) reported in the figure are based on survey data that has been weighted to reflect the cohort population. Current employment rate is defined as the percentage of cohort members who reported being employed as of the survey date. Past year employment rate is defined as the percentage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

Source: VR&E Longitudinal Survey Data, FY 2021

Figure 3F-4 indicates that Cohorts I, II and III had similar rates of employment for those who rehabilitated from an employment plan within eight years of beginning services. Participants who discontinued from an employment plan had, as expected, much lower rates of employment at the eight-year period than their counterparts who rehabilitated. The more recent cohorts show similar employment rates for both rehabilitated and discontinued Veterans, and have higher employment rates when compared to Cohort I.

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

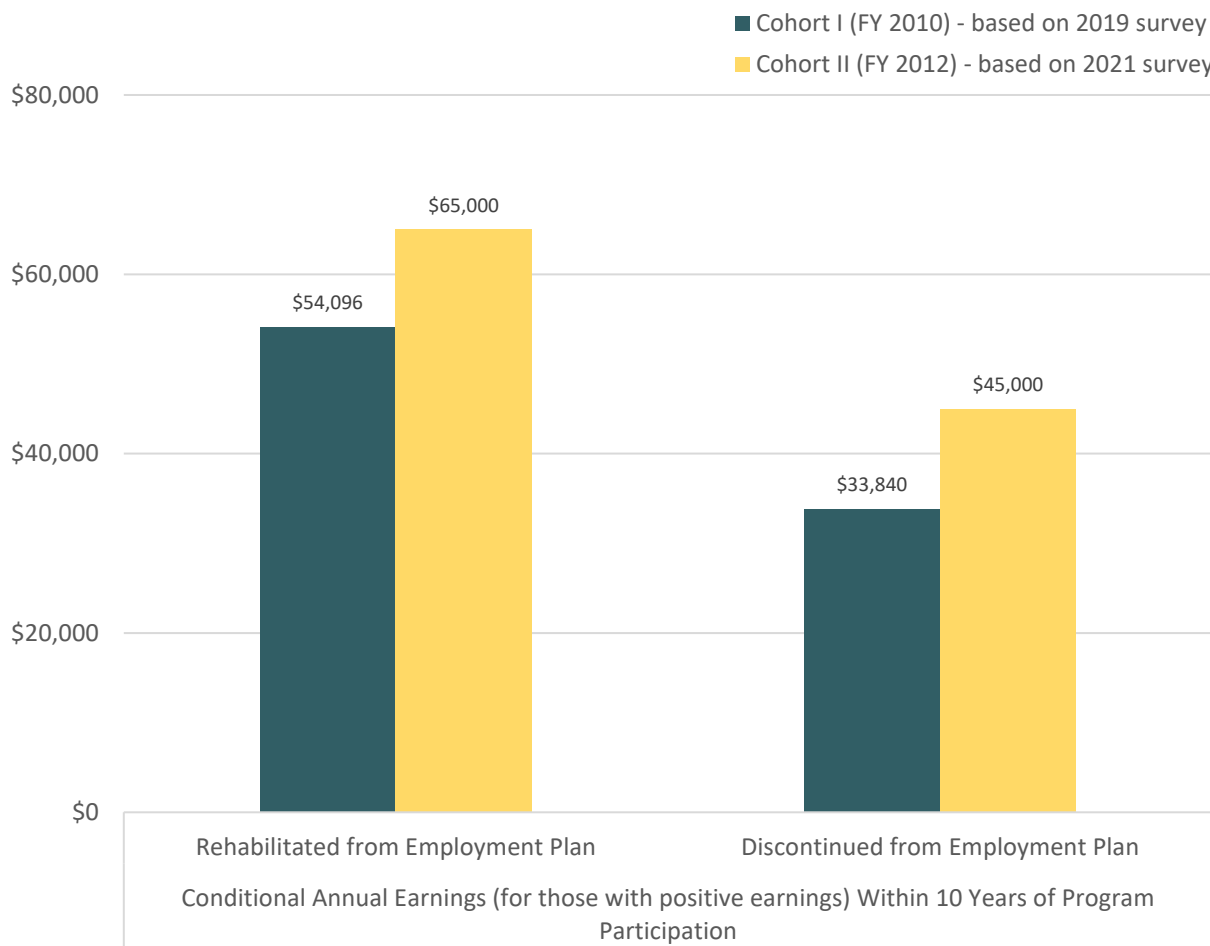


Note: Percentages (%) reported in the figure are based on survey data that has been weighted to reflect the cohort population. Current employment rate is defined as the percentage of cohort members who reported being employed as of the survey date. Past year employment rate is defined as the percentage of cohort members who reported working at any point in the past 12 months (including working currently as of the survey date).
 Source: VR&E Longitudinal Survey Data, FY 2021

The distribution of some measures is heavily skewed toward zero (i.e., annual earnings), and as a result, the data are not normally distributed. To mitigate the influence of the skewed data, figures report either the unconditional (includes zero values in analyses) or conditional (excludes zero values in analyses) median. Figure 3F-5 reports the conditional median earnings from employment and provides an estimate of the average amount of annual earnings among Veterans who reported working. When comparing annual earnings for participants who were employed within 10 years of beginning services, the earnings of those who achieved rehabilitation from an employment plan are approximately \$20,000 higher than those who discontinued. Furthermore,

the figure indicates that within 10 years of starting VR&E services, Cohort II members reported higher earnings in FY 2021 compared to the reports of Cohort I members in FY 2019. The median earnings of Cohort II Veterans who rehabilitated from an employment plan are 18% higher after 10 years than their Cohort I counterparts, a rate that well outpaces inflation over the period.

Figure 3F-5. Conditional Median Earnings from Employment (For Those with Positive Earnings) Within **Ten Years** of Program Participation for VR&E Participants Who Achieved Rehabilitation or Discontinued From an Employment Plan, By Cohort



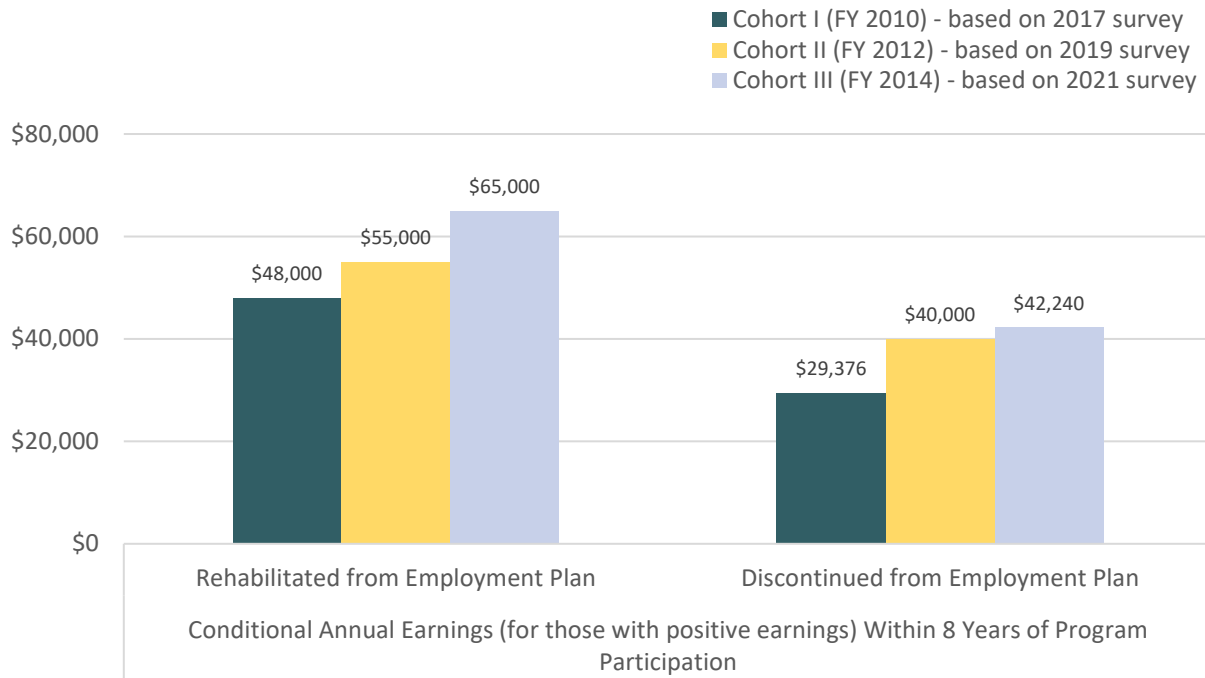
Note: Amounts reported in the figure are based on survey data that has been weighted to reflect the cohort population. Earnings are defined as the amount earned, before taxes and other deductions, in the past 12 months from all jobs or businesses.

Source: VR&E Longitudinal Survey Data, FY 2021

Figure 3F-6 compares the conditional median annual earnings of employed Veterans who rehabilitated or discontinued from an employment plan within eight years of beginning VR&E services. Expectedly, earnings for rehabilitated participants among all three cohorts are higher within eight years compared to Veterans who discontinued. VR&E participants who rehabilitated from an employment plan reported earning, on average, approximately \$15,000 to \$23,000 more than those who discontinued an employment plan within eight years of starting the program.

Annual earnings are substantially higher for Veterans who rehabilitate from an employment plan relative to those who discontinue services.

Figure 3F-6. Conditional Median Earnings from Employment (For Those with Positive Earnings) Within **Eight Years** of Program Participation for VR&E Participants Who Achieved Rehabilitation or Discontinued From an Employment Plan, By Cohort

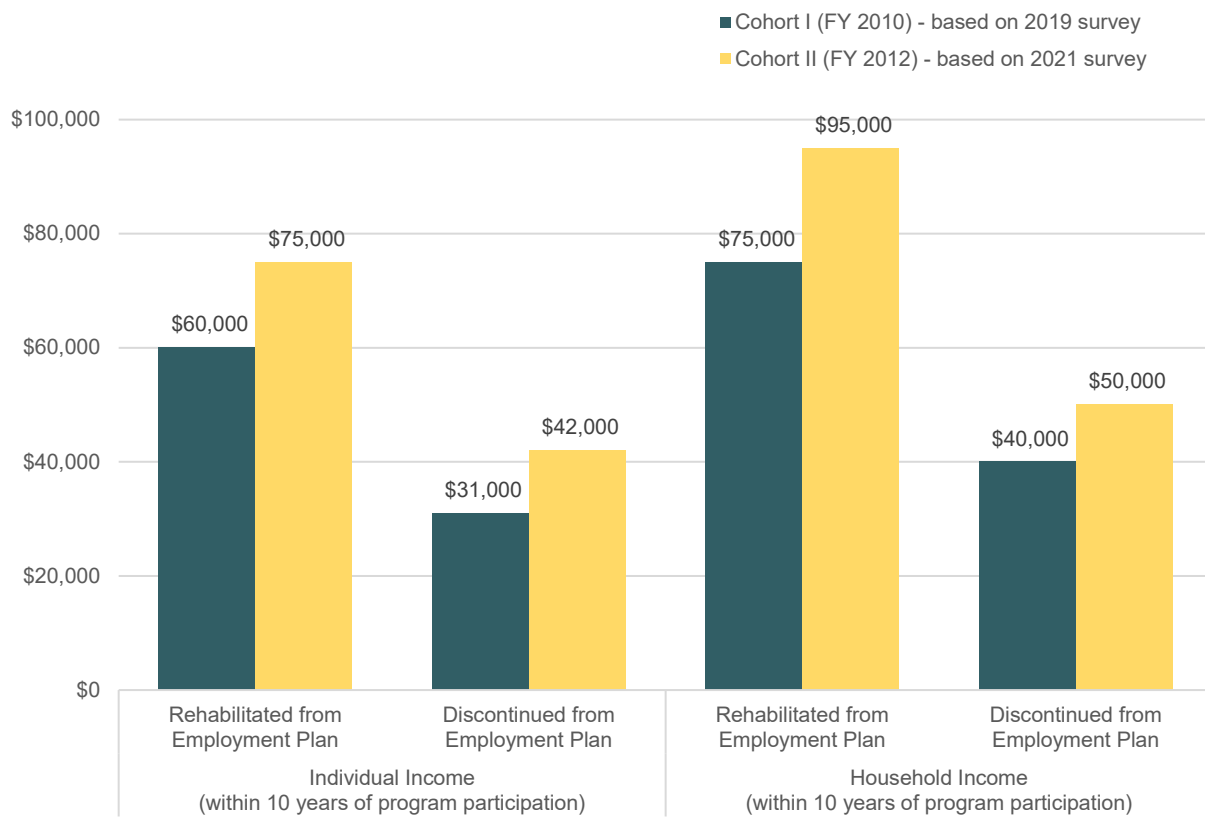


Note: Amounts reported in the figure are based on survey data that has been weighted to reflect the cohort population. Earnings are defined as the amount earned, before taxes and other deductions, in the past 12 months from all jobs or businesses.
 Source: VR&E Longitudinal Survey Data, FY 2021

Figure 3F-7 reports the annual individual and household income reported by those who exited from an employment plan within 10 years. As expected, participants who achieved rehabilitation from an employment plan report annual individual and household income amounts substantially higher than the income amounts of those who discontinued from an employment plan. Given that Veterans who 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 3F-7 also reveals that the income of VR&E participants has increased over time. Cohort II members who rehabilitated from an employment plan reported higher income amounts in the 2021 survey compared to the income amounts reported by Cohort I members in the 2019 survey. These differences outpace the inflation rate between 2019 and 2021.

Figure 3F-7. Unconditional Median Annual Income within **Ten Years** of Program Participation for VR&E Participants who Achieved Rehabilitation or Discontinued from an Employment Plan, by Cohort

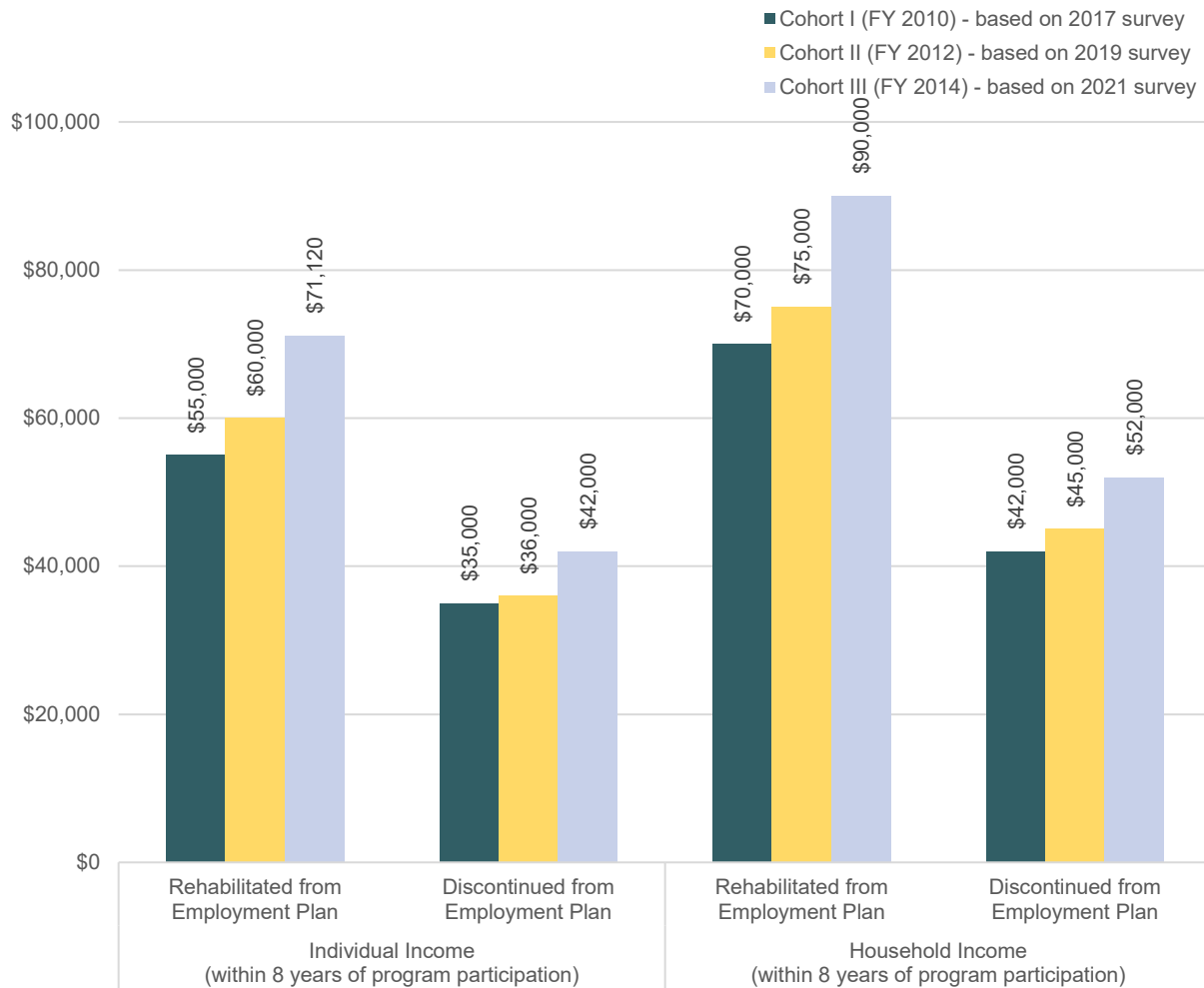


Note: Amounts reported in the figure are based on survey data that has been weighted to reflect the cohort population. Income is defined as income received from all sources, before taxes, in the past 12 months, including earnings from a job, benefits received from government programs and any retirement, pension, investing or savings income from which regular payments are received.
 Source: VR&E Longitudinal Survey Data, FY 2021

Figure 3F-8 presents the annual individual and household income amounts for all three cohorts reported by those who exited from an employment plan within eight years of beginning services. As previously observed, across all three cohorts, Veterans who rehabilitated from an employment plan reported higher individual and household income, when compared to Veterans who discontinued from an employment plan. Additionally, the figure shows across all three

cohorts, the reported median income increases with each succeeding cohort. In general, the successive increases between each cohort shown in the figure are greater than the corresponding rates of inflation during each two-year reference period.

Figure 3F-8. Unconditional Median Annual Income within **Eight 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 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.
 Source: VR&E Longitudinal Survey Data, FY 2021

The results presented in this section provide the most substantive findings of the VR&E Longitudinal Study to date. Specifically, Veterans who achieve rehabilitation have substantially better employment and standard of living outcomes than those who discontinue services, regardless of the length of time since they began their VR&E program of services. Successful rehabilitation by Veterans participating in the program remains one of the most dominant factors

associated with positive financial outcomes (employment rate, annual earnings, and annual individual and household income) when compared to those Veterans who discontinued from the program.

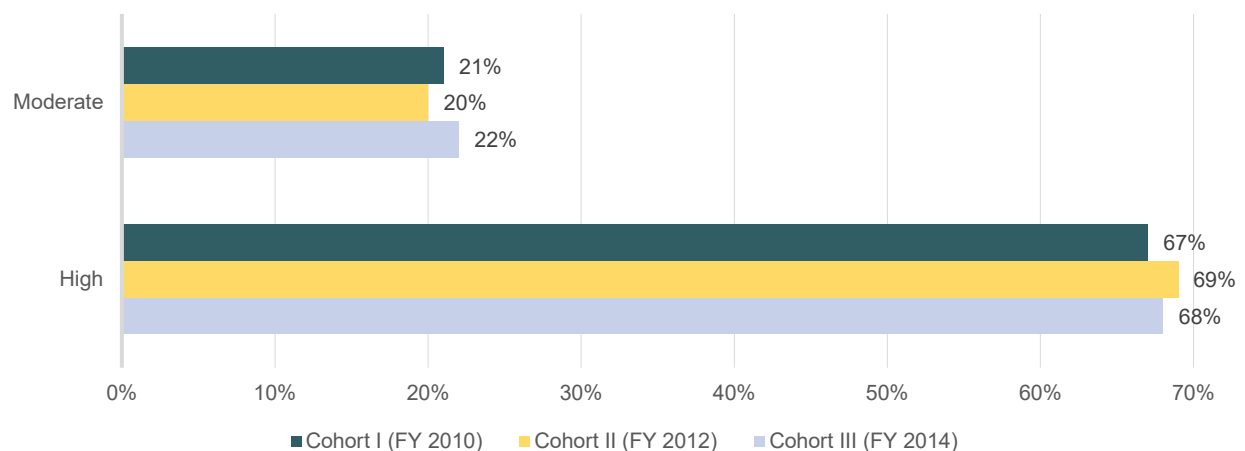
4. SUMMARY OF FINDINGS AND CONCLUSIONS

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

4A. VETERAN SATISFACTION

Across all cohorts, almost 90% of Veterans reported moderate to high satisfaction with the VR&E program (see Figure 4A-1). Cohort members who are still persisting in their plans or achieved rehabilitation reported higher program satisfaction compared to those who were discontinued. Multivariate regression analysis revealed, in addition to program participation status, earning a degree within the past 12 months is associated with higher satisfaction across all cohorts.

Figure 4A-1. Percentage of VR&E Participants Reporting Moderate or High Overall Satisfaction with the Program as of the End of FY 2021



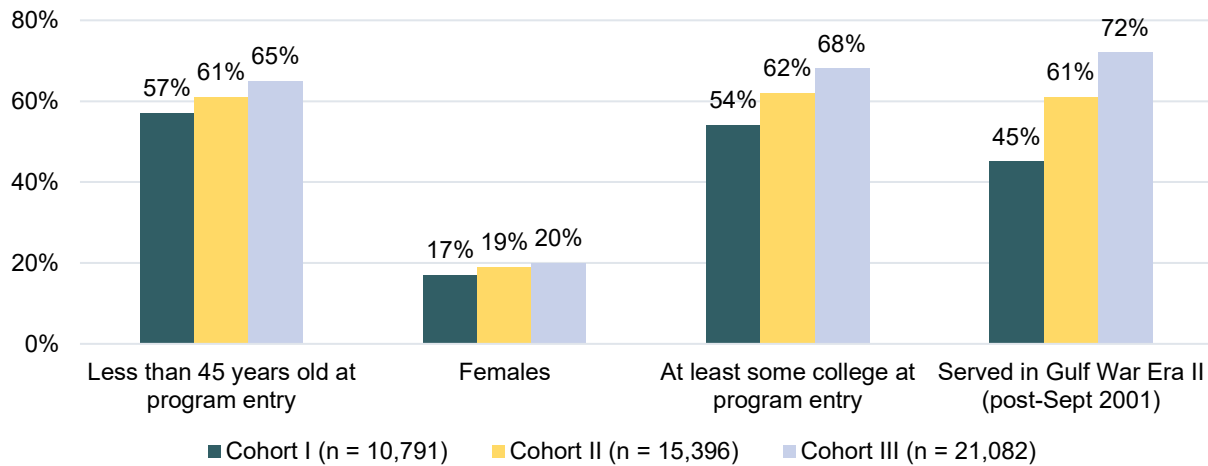
Source: VR&E Longitudinal Survey Data, FY 2021

4B. DEMOGRAPHIC DIFFERENCES AT PROGRAM ENTRY

As seen in Figure 4B-1, recent cohorts (Cohorts II and III) of VR&E participants are younger, have a slightly larger proportion of female Veterans, are more educated, and have a higher proportion of Veterans that served in the Gulf War Era than the overall Veteran population. Females make up a larger percentage of VR&E program participants (17 to 20%) than the percentage of females in the overall Veteran population (10%). However, the distribution of

females among the VR&E cohorts is consistent with the proportion of females represented among all Gulf War Era Veterans (17%).¹⁹

Figure 4B-1. Key Demographic Trends of VR&E Participants at Program Entry



Source: VBA Administrative Data, FY 2021

Subsequent cohorts grew substantially in size, as more Veterans became eligible and sought VR&E services. There are several factors likely contributing to the increase in VR&E participation, including increases in the number of recently separated Veterans, increases in the number of Veterans with an SCD, and changes in program eligibility and provisions, which may have attracted more Veterans with an SCD to the program.

Characteristics of Cohorts II and III compared to Cohort I:

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

4C. PROGRAM OUTCOMES (REHABILITATION AND DISCONTINUATION)

This section includes a discussion of major findings related to program outcomes (rehabilitation and discontinuation) across all cohorts. Cohort I members have had more time to complete their rehabilitation plans, and have experienced larger increases in the number and proportion of Veterans who have successfully completed their program services or who have discontinued program services. Comparison of cohorts for the same period of program tenure reveal

¹⁹ Based on 2020 Bureau of Labor Statistics data available at <http://www.bls.gov/news.release/pdf/vet.pdf>

participants exit the program at similar rates. Only 3% of cohort members exit the program within the first year of receiving services.

Exploration of program outcomes by track selection reveal diverse patterns. The varying program outcomes are primarily dependent upon the duration of offered service delivery across the various program tracks. The largest increase in the cumulative proportion of cohort members who achieved rehabilitation from an IL plan occurs within 30 months of beginning the IL plan.

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

Among cohort members pursuing an IL plan, slightly more than one-half achieve rehabilitation within 24 months. This is expected given that plans of IL services must be completed within 24 months. A seven-month extension may be approved for Veterans who incurred an SCD before September 11, 2001. Specific criteria for extensions beyond 30 months are possible, but rare, for Veterans who incurred a severe SCD after September 11, 2001.

About one-third of participants pursuing an employment plan achieve rehabilitation within eight years of the time their program started. 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 study conducted by GAO (in 2014) reveals it often takes Veterans seven years or more to successfully achieve rehabilitation.²⁰

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. Veterans in any of the employment services tracks are less likely to successfully achieve rehabilitation by the end of FY 2021 and generally take longer to rehabilitate due to the nature of these programs. In addition, having a primary mental health diagnosis and a higher disability rating decreases the probability of successful rehabilitation. Veterans with higher disability ratings also have increased lengths of time to rehabilitate. This indicates that Veterans with more complex disabilities, a mental health diagnosis 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 Era II are associated with an increased likelihood of achieving rehabilitation (and earlier rehabilitation) by the end of FY 2021.

As of FY 2021, factors found to lead to discontinuation include employment track selection, having a mental health condition as the primary diagnosis, and a high combined disability rating. Factors that mitigate Veterans from discontinuation include at least some college education at

²⁰ <https://www.gao.gov/assets/gao-14-61.pdf>

program entry, service as an officer, and a greater number of months served on active duty and service in the Gulf War Eras I or II.

4D. EMPLOYMENT AND STANDARD OF LIVING OUTCOMES

Table 4D-1 describes the long-term post-program outcomes measured by the VR&E Longitudinal Study. Since 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 (as of FY 2021) by cohort members who achieved rehabilitation or were discontinued from services.

Table 4D-1. Employment and Standard of Living Outcome Measures Analyzed in this Study

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 individual annual 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
Homeownership	
Homeownership Rate	Survey report of homeownership

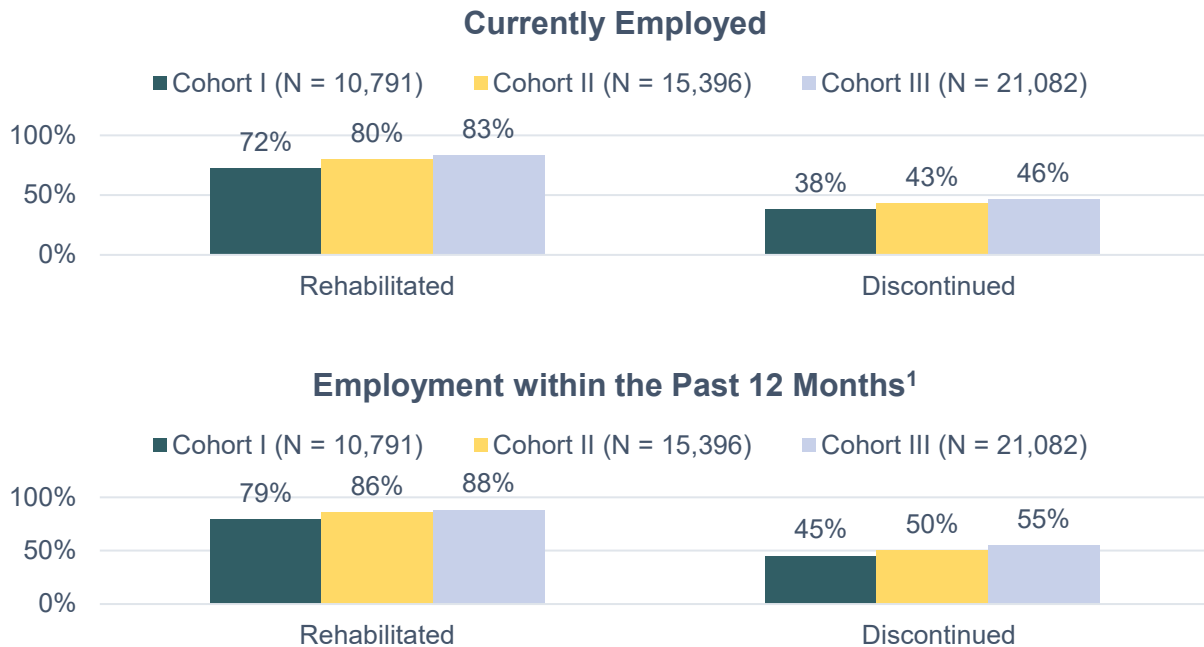
The FY 2021 VR&E Longitudinal Study findings reveal that regardless of program tenure, Veterans who have achieved rehabilitation have substantially better employment and standard of living circumstances than those who discontinued. Participants who achieved rehabilitation experience higher rates of employment and higher earnings from employment than Veterans who discontinued from the program.

Employment Outcomes. For Veterans who achieved rehabilitation from an employment plan, between 79-88% reported employment in the past 12 months (see Figure 4D-1). Employment rates for Veterans who achieve rehabilitation are at least 33 percentage points higher than those of discontinued Veterans. This gap between rehabilitated and discontinued Veterans has been consistent over several years, which means that Veterans who rehabilitate from an Employment Plan are much more likely to obtain and maintain employment.

Between 79-88% of all participants who have achieved rehabilitation have been employed within the last 12 months.

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 less than 50% of participants who did not complete their rehabilitation plans. Appendix H, tables H-3a through H-3c provide additional information on the number of months employed for each cohort.

Figure 4D-1. Employment Rates for VR&E Participants who Achieved Rehabilitation or Discontinued from an Employment Plan as of the End of FY 2021



Note: Averages and percentages are based on survey data that has been weighted to reflect the cohort population. Appendix H includes summary findings on the average number of months of employment by cohort and participation status.

¹Percentage of cohort members who reported working at any point in the past 12 months (including working currently as of the survey date).

Source: VR&E Longitudinal Survey Data, FY 2021

Earnings. Participants who have achieved rehabilitation also have substantially higher earnings over the past 12 months, relative to discontinued participants. When comparing the median annual earnings of only those cohort members who reported working, discontinued participants earned, on average, one-third less than rehabilitated participants. Furthermore, over time, each cohort has experienced increases in annual earnings that have substantially outpaced 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 also see increases in incomes over time but make substantially less than those who successfully completed the program.

The median annual individual income of VR&E participants who achieved rehabilitation is **at least 56% higher** than that of discontinued participants.

Income. In addition to higher earnings levels, participants who achieved rehabilitation reported substantially higher income levels relative to discontinued participants (Figure 4D-2). For Cohort I, the median annual income for Veterans

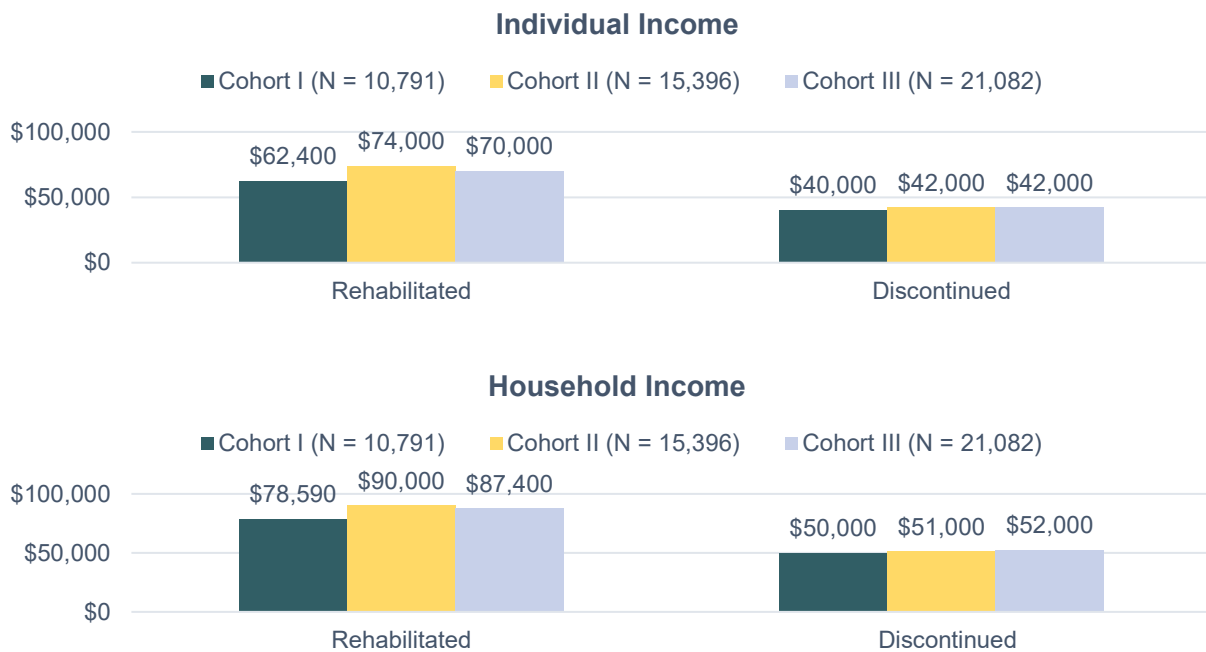
who achieved rehabilitation was 56% higher than that of Veterans who did not complete the program (\$62.4K versus \$40K) as of FY 2021. Median annual income for Cohort II Veterans who achieved rehabilitation was 76% higher than that of Veterans who did not complete the program (\$74K versus \$42K) as of FY 2021. For Cohort III, the median annual income for Veterans who achieved rehabilitation was 67% higher than that of Veterans who did not complete the program (\$70K versus \$42K) as of FY 2021.

The median annual household income of VR&E participants who achieved rehabilitation is at **least 57% higher** than that of discontinued participants.

For the median annual household income, the income for Veterans in Cohort I was 57% higher for those who achieved rehabilitation compared to those who were discontinued (\$78.6K versus \$50K). For Cohort II, the income was 76% higher for those Veterans who achieved rehabilitation compared to those who were discontinued (\$90K versus \$51K). Cohort III had similar results, as household income was 68% higher for Cohort III members who achieved rehabilitation compared to those who were discontinued (\$87.4K versus \$52K).

had similar results, as household income was 68% higher for Cohort III members who achieved rehabilitation compared to those who were discontinued (\$87.4K versus \$52K).

Figure 4D-2. Individual and Household Income for VR&E Participants Who Achieved Rehabilitation or Discontinued as of the End of FY 2021



Note: Amounts reported in the figure are based on survey data that has been weighted 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.

Source: VR&E Longitudinal Survey Data, FY 2021

In 2021, there was a decrease in Veterans receiving unemployment benefits. This can be attributed in part to economic recovery following the COVID-19 pandemic as seen in a reduction in the national unemployment rate²¹.

Homeownership. A larger percentage of those who have achieved rehabilitation reported owning their principal residence relative to those who discontinued (Cohort I – 74% versus 68%; Cohort II – 79% versus 58%; Cohort III – 74% versus 59%).

4E. FUTURE REPORTS

As VA follows these cohorts over the remainder of the study, more data will be available on key programmatic and demographic factors influencing the long-term outcomes for Veterans. With more data, future studies may examine more substantive trends in outcomes. In addition, more robust comparisons can be made across all three cohorts over time using the same time benchmark. Finally, as the cohorts mature and more participants achieve rehabilitation or re-enter the program after discontinuation, future studies may analyze how entering the program more than once may influence long-term outcomes.

²¹ <https://fred.stlouisfed.org/series/CCNSA>