

A STUDY OF COMPENSATION PAYMENTS FOR SERVICE-CONNECTED DISABILITIES

Volume II

Transition Benefit Analysis



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I. SUMMARY

This document, *Transition Benefit Analysis*, prepared for the Department of Veterans Affairs (VA), is Volume II of the Final Report for *A Study of Compensation Payments for Service-Connected Disabilities*. The overall Final Report has five volumes:

- Volume I: Executive Report
- Volume II: Transition Benefit Analysis
- Volume III: Earnings and Quality of Life Loss Analysis
- Volume IV: Review of Non-VA Programs and QOL Elements
- Volume V: Disability Forum Presentations

Volume II is divided into the following chapters:

- Summary
- Purpose and Scope of Study
- Description of the Transition Process
- Current VA Benefit Amounts
- Estimated Living Expenses as a Basis for Benefit Amount
- Description of VR&E Population
- Scenario Analysis
- Analysis of Subsistence Allowance Payments
- Policy Considerations
- Estimated Program Costs of Transition Benefit

This report analyzes veterans who have participated in the VA Vocational Rehabilitation and Employment (VR&E) Program and identifies options for a future transition benefit. Both the Dole-Shalala Commission and the Veterans' Disability Benefits Commission recommended improvements in the benefits and services available to veterans with disabilities to ease their transition from military to civilian life. In particular, the Dole-Shalala Commission recommended a transition benefit intended to provide for the family living expenses of veterans with disabilities participating in vocational rehabilitation.

Records contained in the VR&E Program's case management and information system known as CWINRS were the basic source of the analysis of participants with additional information from the Compensation and Pension Master file. Information on living expenses was obtained from readily available government sources such as the Current Population Survey (CPS), Consumer Expenditure Survey (CES), and the U.S. Departments of Housing and Urban Development, Defense, and Agriculture. Due to the timeframe

allowed for the study, heavy reliance was placed on readily available information. Also, the timeframe precluded use of techniques such as surveys and pilot tests that could have improved the accuracy of program participation and cost estimates.

Benefits available to veterans with disabilities from a wide variety of VA programs are described in general terms and those received by VR&E participants such as VR&E subsistence payments and disability compensation are identified from the VA administrative records. Disability compensation payments for combined degree of disability (CDD) and those received for Special Monthly Compensation (SMC) were included in a comparison of benefits received with estimated living expenses in a range of scenarios. The portion of SMC that is provided to veterans rated 100% and who are in need of assistance with activities of daily living were identified and compared with care giving expenses. The net monthly amounts for assistance range from \$302 for housebound veterans, to \$618 for Aid & Attendance (A&A) for SMC (L), to \$1,893 and \$2,820 for SMC (R.1) and (R.2) for the catastrophically disabled. Current benefits for disability compensation, SMC amounts not for assistance, and VR&E subsistence were assumed to be replaced by the transition benefit unless the amount of the current benefits exceeds the transition benefit.

VR&E Program Participants

The records of 522,492 veterans with disabilities who applied for VR&E services between 1996 and April 2008, including 22,148 who participated in Independent Living (IL), were analyzed.

A large proportion of applicants (42 percent) chose not to pursue their application or were determined by VA not to be eligible or entitled for VR&E for a variety of reasons. VA determination is based upon several factors which may include: no disability, disability rating of 0%, applicant decided not to participate, failure to pursue the claim, and re-enlistment. The focus of this analysis is on those who were found eligible or entitled (277,288) and those who progressed at least as far as to develop rehabilitation plans (213,982). Consideration was given to veterans theoretically eligible for VR&E who never applied.

Those who developed plans were predominantly male (80 percent) and their average age at application was 40. They had no dependents (44 percent) or one dependent (21 percent), had a high school level of education (53 percent), and had been enlisted (96.5 percent) with the largest group having attained a rank of E-4 (predominantly E-3 to E-7). Officers made up 3.5 percent. Veterans who participate in IL are quite different in characteristics from those who participate in the other VR&E education and training programs and those differences are discussed below.

VR&E eligibility is limited to 12 years from date of military discharge or 12 years from the establishment of an initial qualifying service-connected disability rating, whichever is later. Qualifying service-connected disability rating means a combined degree of disability rating of at least 20% with an employment handicap or 10% with a serious employment handicap. However, in defining the intended purpose of a transition

benefit, the time period from date of release from active duty to application is important. Those who developed plans but who were not in IL fell into three large groups: (1) those who applied from before discharge to within the first two full years after discharge, (39 percent), those who applied from three through ten years after discharge (29 percent), and those who applied more than 10 years after discharge (32 percent).

Eligible applicants who were medically separated or medically retired comprised about 16 percent of all eligible applicants and of the medically discharged, those who were less severely disabled (rated less than 30%) applied within the first 3 years after discharge. However, the time period increased as severity of disability increased; for example, those rated 100% did not apply until 8 years after discharge, on average. Those eligible/entitled for VR&E who were not medically discharged (84 percent) averaged 3.4 years after discharge before receiving their initial service-connected disability rating and 5.7 years after discharge before applying for VR&E.

Those who participated in IL were much more likely to apply for VR&E many years after discharge (on average, 24.6 years); only 7.4 percent applied within two years of discharge, and only 9.4 percent applied between three and ten years. An overwhelming 83 percent of IL participants applied 10 or more years after discharge.

There are several possible reasons for the length of time after discharge before application. A SCD must be obtained, and establishment of presumptions result in SCD ratings many years after discharge. However, these data also suggest that the more severely disabled are not ready to enter a vocational rehabilitation program until after several years of recovery and adjustment.

Recent applicants have applied for VR&E sooner after discharge. For example, the median time from discharge to application for those applying from 2001 to 2007 has dropped from 8 to 3 years while the average time has decreased a more modest amount from 12 to 9 years. A transition benefit that provides for the family living expenses of participants will likely result in greater participation in VR&E and perhaps quicker application.

Of applicants eligible/entitled for VR&E, about half (51 percent) were rated less than 50% disabled, 22 percent were rated 50% or 60%, and 27 percent were rated 70% to 100%. On the other hand, those in IL were much more severely disabled with 82 percent rated 70% to 100%; 39 percent were rated 100%. The most frequent diagnosis for those not in IL was Post-traumatic Stress Disorder (PTSD) (9 percent), and for those in IL, PTSD was overwhelmingly the most frequent at 38 percent.

Future Restructuring of VA and DoD Disability Evaluation Processes

Efforts underway to restructure the DoD Disability Evaluation System and the VA Disability Compensation process for those found unfit for military duty may result in significant improvements for this group of veterans. This restructuring is intended to

eliminate duplication of medical examinations and ratings so that DoD decides fitness for duty and VA rates all conditions. Service members would remain on active duty during the most significant portion of medical rehabilitation so that the point of maximum medical improvement (MMI) has been largely reached. The VA rating would be completed prior to discharge and payment for disability compensation could begin with little or no gap in funds. Evaluation and planning for vocational rehabilitation can also be completed while on active duty and the service member can actually begin participating in VR&E if he or she is ready. There should be no reason for any delay or gap in funds between last receipt of military pay and first payment of VA compensation and transition benefit for those medically discharged.

Design of a Transition Benefit

The intent of the transition benefit must be decided by VA and ultimately by the Congress. It could be limited to those applying for VR&E within a specified time frame after discharge, or to receipt of initial SCD rating, or limited to those who are severely disabled. The amount could vary depending on whether full-time or part-time VR&E participants or vary based on severity of disability rating. The benefit could be interrupted as the participants interrupt their VR&E program, which is a frequent occurrence, or some minimum level of transition benefit could be established since it is intended to pay family living expenses, which can be expected to continue during periods of program interruption. Some level of continuation may be especially appropriate in instances in which the interruption is due to medical treatment or medical rehabilitation for service-connected disabilities. The information contained in this report provides insight into VR&E participants and should assist VA and the Congress in making these major policy decisions.

By designing a transition benefit to meet the family living expenses of veterans participating in VR&E, veterans with lower disability ratings could receive the same amount and sometimes more for basic living expenses than veterans who are more severely disabled. The biggest factor other than care giver requirements influencing the amount of the benefit is the number of dependents a veteran has. Although veterans rated 30% or higher currently receive additional disability compensation for dependents, the additional amount is relatively small. For example the additional disability compensation for a spouse and child ranges from \$73 to \$245 per month while the amount of additional core living expenses for two dependents is \$1,283 per month. (Note: veterans in VR&E are paid for dependents regardless of their SCD rating.)

In order to explain the potential range of transition payments, the study team developed nine scenarios. A veteran in Scenario 1 (50% disabled with two dependents), would receive core living expenses of \$3,181, the same amount as a veteran in Scenario 3 (70% SCD with two dependents) and Scenarios 5 and 6 (both 100% SCD with two dependents), and more than a veteran in Scenarios 7 and 8 (both 100% SCD without dependents) who would receive \$1,898, and more than a veterans in Scenario 9 (80%

SCD with one dependent in the IL) who would receive \$2,792. The veteran in Scenario 1 would receive \$3,181 due to family size.

Care giver expenses can be expected to be needed at the most severe disability levels while the number of dependents that a veteran has is generally independent of disability levels. Current care giver benefits in the form of net A&A associated with SMC (L) (\$618) and Housebound associated with SMC (S) (\$302) are less than the estimated cost of \$1,300 per month for 20 hours of care.

Illustrative Scenarios

The levels of possible transition payments are presented in a series of nine scenarios. The scenarios were developed to be similar in characteristics to participants in VR&E (combined degree of disability, type of disability, number of dependents, age at application, and proportion of the participant population) and by analysis of family living expenses based on data sources frequently used for such purpose. Expenses for a core group of expenses were identified (housing, food, and transportation) and a menu of additional items was identified that could be included if desired (apparel and services, health care for dependents, personal care products and services, and entertainment). As reference points, earnings from CPS and military pay for the average rank of VR&E participants (E-4) were identified to provide insight into veterans' transition needs and expectations and from the perspective of their normal standard of living. Would these veterans be equally well off or better off and would they be more likely to participate in VR&E? This is an essential question related to the transition benefit.

The nine scenarios developed reflect the demographic and service-connected characteristics of the participants in VR&E as shown in Table I-1. Scenarios 1 and 2 contain veterans with primary physical disabilities with either a 30% or 50% CDD rating with two or no dependents; these two scenarios represent 80 percent of program participants. Scenarios 3 and 4 contain veterans with primary mental disabilities with a 70% CDD rating with no or two dependents; these two scenarios represent 18 percent of program participants. Scenarios 5 through 8 contain veterans rated 100% with mental or physical disabilities, and no or two dependents; they represent just over two percent of program participants. Scenario 9 contains all IL program participants.

Also shown are the average current payments received for VR&E subsistence and disability compensation and the possible transition benefit payments.

Table I-1. Scenario Summary Table – Comparison of Characteristics and Monthly Amounts

	Scenario								
	1	2	3	4	5	6	7	8	9
Scenario Characteristics									
CDD	50%	30%	70%	70%	100%	100%	100%	100%	80%
Type of Primary Disability	Physical Health	Physical Health	Mental Health	Mental Health	Physical Health	Mental Health	Physical Health	Mental Health	N/A – All IL disability Incl.
Number of Dependents	2	0	2	0	2	2	0	0	1
Average Age	40.6	39.0	42.3	41.5	47.1	46.2	44.5	44.8	53.5
CWINRS Count	107,176	101,726	26,309	19,649	2,809	1,069	1,177	490	22,148
Percent	41.2%	39.1%	10.1%	7.6%	1.1%	0.4%	0.5%	0.2%	N/A – IL Analyzed Separately
Current Average VA Payment Averages by Scenario									
Average VR&E Subsistence Allowance (excluding tuition and fees)	\$751	\$521	\$735	\$521	\$723	\$727	\$521	\$521	\$641
Average Monthly Disability Compensation	\$952	\$477	\$1,444	\$1,194	\$3,485	\$3,134	\$3,359	\$2,920	\$3,130
Current VA Payments Average Total	\$1,703	\$998	\$2,179	\$1,715	\$4,208	\$3,861	\$3,880	\$3,441	\$3,771
Possible Transition Benefit Payment Range by Scenario									
Low Benefit Range (Core Expenses Only)	\$3,181	\$1,898	\$3,181	\$1,898	\$3,181	\$3,181	\$1,898	\$1,898	\$2,792
High Benefit Range (Core & All Menu Expenses)	\$4,305	\$2,240	\$4,825	\$2,760	\$6,905	\$6,905	\$4,840	\$4,840	\$4,982

Source: EconSys Study Team analysis of data from CWINRS; DoD Basic Allowance for Housing for 2008; Official USDA Food Plans, Cost of Food at Home at Four Levels, U.S. Average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index; U.S. Census Bureau, Current Population Survey.

Current Benefits

An entitled veteran with a service-connected disability can receive up to 48 months of subsistence allowance payments spanning a 12-year period following the initial qualifying service-connected disability rating. A longitudinal analysis of applicants in 1992 identified payment of subsistence allowances over a 12-year period. Receipt of a subsistence payment demonstrates active participation versus periods of program interruptions during which subsistence payments are not made. This analysis indicates that participants not in independent living, on average, received a total of 12.8 months of subsistence allowance payments during the entire time they were in the program. In addition, an analysis of subsistence allowance payments to VR&E participants who were

medically separated or medically retired found that a significantly larger portion of these veterans received a subsistence payment than those participants not medically discharged. Together, these analyses provide the basis for estimating future program costs.

Policy Assumptions

In addition to a variety of technical assumptions, five major policy-related assumptions were used. In summary the policy assumptions were:

1. Current basic program requirements will remain.
2. The transition benefit would be paid in lieu of disability compensation, special monthly compensation not for assistance, and VR&E subsistence allowance.
3. Veterans whose benefits for disability compensation and VR&E subsistence would exceed the transition benefit would receive the higher current benefit amount.
4. Interruptions greater than six months would result in suspension of the transition benefit and payment of disability compensation and SMC.
5. Transition benefits would continue for three months after program completion.

Policy Options

Translating the scenarios into options focused on which veteran groups should be provided the transition benefit. Should the benefit be limited to veterans during the first two years after discharge? Should it be limited to those who are severely disabled? Should it be available to all who are medically discharged? Should it be available to all who are eligible for VR&E?

Six options were chosen for analysis and are depicted in Table I-2. Options 1 through 5 depict choices from the most restrictive (Option 1) to the most inclusive (Option 5). Option 6 is a stand-alone option for Independent Living and includes all veterans who developed a plan for IL services. The options were developed around four factors: family living expenses (low and high range), medical discharges, severity of disability, and time since discharge.

- **Option 1:** Limit eligibility to severely injured/ill who are medically discharged with CDD of 70% or higher and who enter vocational rehabilitation within two years of discharge.
- **Option 2:** Limit eligibility to all medically discharged veterans and all veterans with CDD of 70% or higher who apply for VR&E within two years of discharge.
- **Option 3:** Limit eligibility to all medically discharged veterans and all veterans with CDD of 70% or higher who apply within 12 years of receiving their initial SCD rating.

- **Option 4:** Limit eligibility to all medically discharged veterans and all eligible veterans within two years of discharge.
- **Option 5:** All VR&E participants within 12 years of SCD are eligible.
- **Option 6:** All requiring Independent Living (not exclusive of the other options).

Key factors that drive the costs are participation rates, duration of participation, the scope of the program, and the amount of the benefit. Assumptions regarding participation rates and duration of participation are that (1) the transition benefit is likely to increase the completion rate of participants by 10 percent to 44 percent and (2) the average number of months that participants receive the benefit will increase from 15.2 months to 19.5 months (see Table I-2).

Using those assumptions, the options offer choices regarding the scope of the benefit program and the amount of the benefit as shown in Table I-3. The number of participants per year ranges from 3,443 for the most restrictive (Option 1) to 29,375 for the most all inclusive (Option 5). Likewise, the amount of the benefit varies by whether the Core benefit covering housing, food, and transportation is chosen or the Core Plus benefit which includes the basic Core expenses and additional menu items.

Table I-2. Assumptions for Options

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Assumed Number of Eligible Applicants per Year	3,443	8,945	9,838	17,104	29,375	1,422
Completion Rate	44%	44%	44%	44%	44%	87.2%
Assumed Payment Duration for Rehabilitated Veterans (in Months)	37.8	37.8	37.8	37.8	37.8	19.3
Assumed Duration for Discontinued Veterans (in Months)	5	5	5	5	5	5
Average Weighted Payment Duration	19.5	19.5	19.5	19.5	19.5	19.6

Source: EconSys Study Team.

Table I-3. Monthly Option Benefits

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Current Average VR&E Subsistence	\$761	\$761	\$761	\$761	Varies by scenario – see Chapter 7, Scenario Analysis.	\$641
Current Average Disability Compensation	\$1,729	\$1,740	\$1,652	\$906		\$3,130
Total Current Benefits	\$2,490	\$2,501	\$2,413	\$1,667		\$3,771
Total Monthly Transition Benefit Payment Range						
<i>Core Items</i>						
Housing	\$1,390	\$1,390	\$1,390	\$1,390	Varies by scenario – see Chapter 7, Scenario Analysis.	\$1,390
Food	\$713	\$713	\$713	\$491		\$491
Transportation	\$1,078	\$1,078	\$1,078	\$911		\$911
<i>Core + Menu Items</i>						
Child Care	\$118	\$118	\$118	\$118	Varies by scenario – see Chapter 7, Scenario Analysis.	\$118
Caregiver Expenses	\$1,300	\$1,300	\$1,300	N/A		\$1,300
Apparel and services	\$199	\$199	\$199	\$161		\$161
Entertainment	\$221	\$221	\$221	\$221		\$221
Personal care products/services	\$63	\$63	\$63	\$55		\$55
Household operations	\$51	\$51	\$51	\$46		\$46
Housekeeping supplies	\$136	\$136	\$136	\$121		\$121
Health care for dependents	\$336	\$336	\$336	\$168		\$168
Total Monthly Benefit Payment Range	\$3,181 to \$5,605	\$3,181 to \$5,605	\$3,181 to \$5,605	\$2,792 to \$3,682		\$2,792 to \$4,982
Core Monthly Costs	\$3,181	\$3,181	\$3,181	\$2,792	\$2,792	
Core Plus Menu Monthly Costs	\$5,605	\$5,605	\$5,605	\$3,682	\$4,982	

Source: EconSys Study Team.

The estimated net or additional costs of the transition benefit for each of the options are shown in Table I-4. The estimated net increased costs range from \$97 million for core living expenses for Option 1 to \$1.45 billion for Option 5 for Core Plus expenses. Option 6 would have no increase for core living expenses since current benefits exceed the amount for core expenses and current benefits would be continued; an increase of \$35 million for Core Plus expenses would be expected. These estimates represent the costs for each cohort of veterans who apply for VR&E.

Table I-4. Summary of Options

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Core Only						
Core Net Increase	\$97,071	\$441,689	\$468,673	\$650,120	\$933,099	N/A ¹
Core Plus						
Core Plus Net Increase	\$259,815	\$867,432	\$937,052	\$948,192	\$1,450,817	\$35,361

Source: EconSys Study Team.

¹ In Option 6, the monthly disability compensation amount was greater than the monthly potential transition benefit for core expenses only. As a result, individuals in this option would continue to receive monthly disability compensation instead of the transition benefit.

II. PURPOSE AND SCOPE OF STUDY

The general recommendation of the President’s Commission on Care for America’s Returning Wounded Warriors (Dole-Shalala Commission) to “completely restructure the disability and compensation Systems” contained a specific action step that stated:

Congress should restructure VA disability payments to include “transition payments” to cover living expenses for disabled veterans and their families. They should receive either three months of base pay, if they are returning to their community and not participating in further rehabilitation; or longer-term payments to cover family living expenses, if they are participating in further rehabilitation or education and training programs.²

This report is Volume II of the final report for *A Study of Compensation Payments for Service-Connected Disabilities*. The five volumes are:

- Volume I: Executive Report
- Volume II: Transition Benefit Analysis
- Volume III: Earnings and Quality of Life Loss Analysis
- Volume IV: Review of Non-VA Programs and QOL Elements
- Volume V: Disability Forum Presentations

This volume discusses methodological approaches and presents analyses of transition benefits for the longer-term payments to cover family living expenses for those veterans participating in further rehabilitation or education and training programs through VA’s Vocational Rehabilitation and Employment (VR&E) Service.

Dole-Shalala Commission and Veterans’ Disability Benefits Commission: Transition, Caregiver, and Family-Related Recommendations

Both the Veterans’ Disability Benefits Commission (VDBC) and the Dole-Shalala Commission recommended improvements in the benefits and services available for veterans with disabilities to ease their transition from military to civilian life as well as their adjustment to living with their disabilities. The recommendations of these two commissions set the agenda for this study.

There is considerable similarity and overlap in the recommendations of the two commissions but also some areas of difference and disagreement. With respect to transition payments, caregiver payments, and family living expenses, both commissions recommended improvements.

² The President’s Commission on Care for America’s Returning Wounded Warriors. (2007). *Serve, Support, Simplify: Report of the President’s Commission on Care for America’s returning wounded warriors* (Dole-Shalala), pp. 7-8. Washington, DC. (Cited as *Dole-Shalala*).

VDBC recommended a stabilization allowance for severely disabled veterans of up to 50 percent of current compensation payments for up to five years to assist in adjustment³ and cover expenses as well as a caregiver allowance and health care for caregivers such as parents who are not dependents of veterans.⁴ Currently health care is provided for dependents of those rated 100% disabled but not for non-dependent caregivers. In addition, VDBC recommended that the rates for VA Aid and Attendance (A&A) be reviewed and adjusted to fully pay for the assistance required. Further, VDBC recommended enabling the severely injured to receive A&A from VA while they remain on active duty pending disability retirement. Finally, VDBC recommended that after discharge the families of the severely injured be able to receive support services similar to what Department of Defense (DoD) currently is authorized to provide under Invitational Travel Orders.⁵ These services include travel, per diem benefits, and housing near military treatment facilities.

The Dole-Shalala Commission recommended that service members found medically unfit should receive DoD longevity retired pay and VA disability compensation for earnings loss. Immediately after a service member's discharge, Dole-Shalala recommended a transition benefit to assist in transition. The transition benefit was recommended to be three months of base pay if the veteran would not be engaging in medical or vocational rehabilitation. This payment recognized that veterans are often left without funds for an extended period of time because of VA disability claims processing delays and payment restrictions. If participating in rehabilitation, the transition benefit was intended to pay for the family living expenses of the veteran. After rehabilitation, the transition benefit would be replaced with earnings loss payments.⁶

Both commissions recommended compensation payments for potential negative impact on or diminution of quality of life (QOL) and that the QOL payments would be paid along with life-long military longevity pay and earnings loss payments.⁷

The Dole-Shalala Commission recommended that training and counseling be provided to caregivers. This role is often filled by parents, grandparents, siblings, and significant others giving up jobs and spending personal financial resources to take care of veterans with disabilities without having the legal status of dependents. The Dole-Shalala Commission also recommended for those who are combat injured special benefits such as TRICARE respite care and personal attendant benefits, lifetime TRICARE family coverage for those found medically unfit, and extension of the Family Medical Leave Act up to six months for the caregivers.⁸ VDBC specifically recommended that no distinction

³ Veterans' Disability Benefits Commission (VDBC). (2007). *Honoring the call to duty: Veterans' disability benefits in the 21st century*, p. 342.

⁴ *Ibid*, p. 385.

⁵ *Ibid*, p. 480.

⁶ *Dole-Shalala*, pp. 6-8.

⁷ VDBC, p. 342, *Dole-Shalala*, p. 8.

⁸ *Dole-Shalala*, pp. 9-10.

be made between those injured in combat and those injured or ill in other circumstances.⁹

Both commissions urged incentives to promote the completion of VA's vocational rehabilitation program. Dole-Shalala recommended VR&E completion bonuses of 10 percent of the transition payment at the end of each of the first two years and a 5 percent bonus at the end of the third year.¹⁰ VDBC's recommendation was more general: to explore incentives to promote participation in VR&E and increase completion of rehabilitation plans.¹¹

Finally, VDBC recommended that all medically-discharged service members be eligible for VR&E¹² and that the payment restriction imposed by the Omnibus Budget Reconciliation Act of 1982¹³ be eliminated.¹⁴

Study Purpose

The purpose of this study is to examine and describe possible approaches for longer-term payments to cover family living expenses for those participating in further rehabilitation or education training programs through VA's VR&E service.

Study Scope

The scope of this analysis is limited to veterans in vocational rehabilitation or independent living. There are two reasons for this. First, we limit the scope to veterans in VR&E to present findings and recommendations in the spirit of the Dole-Shalala recommendation described above. Second, we felt it important to limit our analysis to that segment of the disabled veteran population where valid data exists in order to provide data driven results within the short study duration. This approach allows us to provide credible analysis and insight, utilizing current data, into the transition benefits policy debate, which will be of value to veterans with disabilities as well as to VA and DoD.

Figure II-1 depicts the VR&E current service delivery process that provides vocational rehabilitation to service-disabled veterans. Veterans who apply for and who are found entitled to these services define the population used in this analysis of longer-term payments to cover veterans' family living expenses. VR&E captures their data in CWINRS, which is a case management and information system that allows for efficient

⁹ VDBC, p. 136.

¹⁰ *Dole-Shalala*, p. 8.

¹¹ VDBC, p. 270.

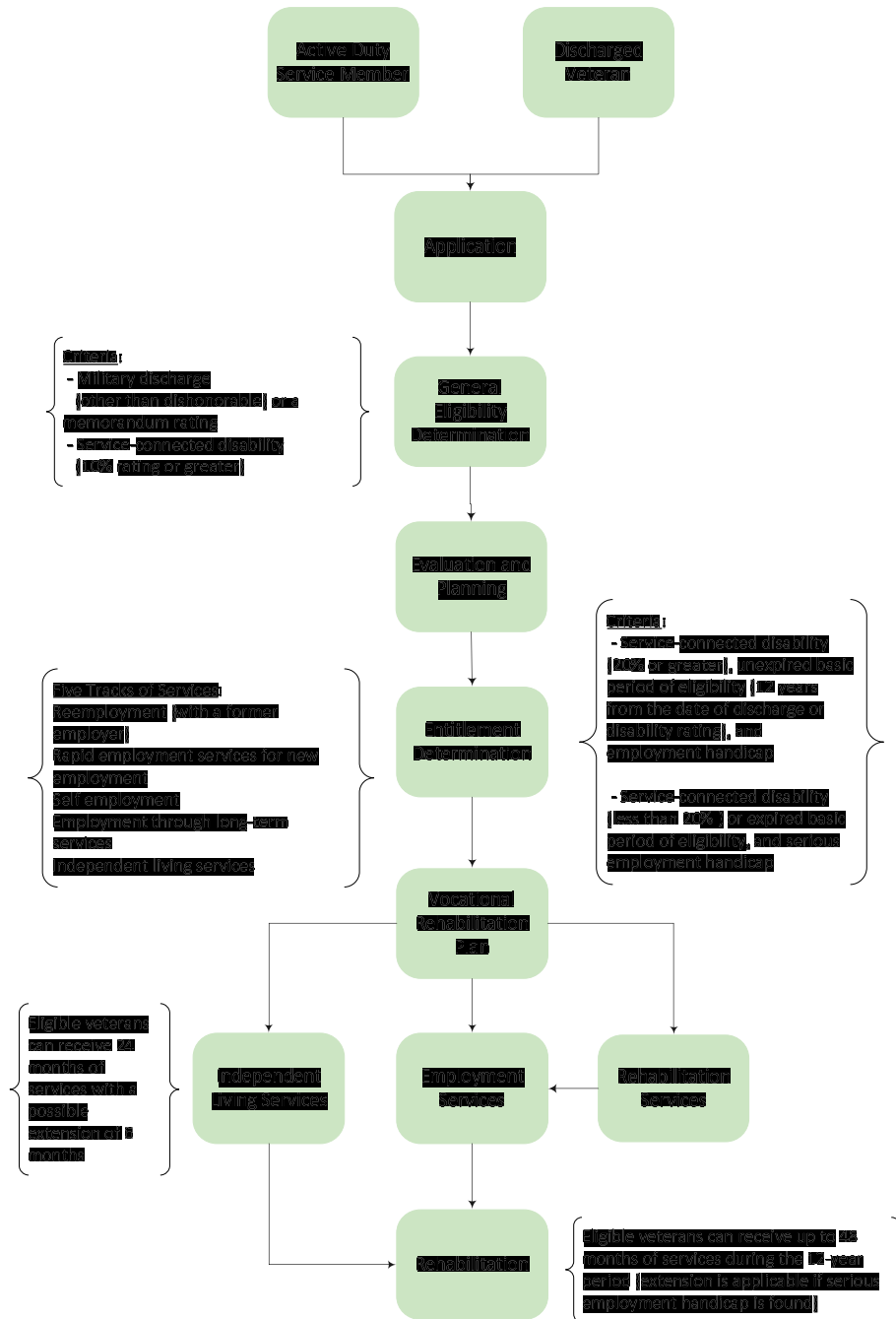
¹² *Ibid.*

¹³ The Omnibus Budget Reconciliation Act of 1982 (Public Law 97-253, now 38 U.S.C. § 5111) prohibits disability compensation payments until the first day of the second month after the award is granted. The result is that service members do not receive benefits for up to two months after discharge. This delay also applies to claims filed within one year of discharge even though the entitlement date is one day after the date of discharge.

¹⁴ VDBC, p. 474.

sharing of information nationwide. CWINRS data is described in detail in Chapter VI of this volume.

Figure II-1. VR&E Current Service Delivery Process



Source: U.S. Department of Veterans Affairs. Vocational Rehabilitation and Employment Task Force (cited as VR&E Task Force). (2004). *The Vocational Rehabilitation and Employment Program for the 21st Century Veteran*, p. 41. Washington, DC: U.S. Department of Veterans Affairs. Office of the Secretary.

Today, VR&E is a unique business line within the Veterans Benefits Administration (VBA). VR&E has staff in Central Office and 57 Regional Offices which includes more than 119¹⁵ out-based offices to facilitate veteran access to VR&E counselors. The VR&E program provides various services to assist service members and veterans with service-connected disabilities and employment handicaps in preparing for, obtaining, and maintaining suitable employment¹⁶ or enabling them to achieve maximum independence in daily living. VR&E services may include:¹⁷

- Comprehensive evaluation services
- Vocational exploration and counseling
- Educational and personal adjustment counseling
- Financial assistance for vocational and educational training expenses
- Medical and dental referrals
- Tutorial assistance
- Reader or sign language interpreter services
- Employment services
- Case management services
- Work adjustment training
- Adult basic instruction
- Independent living services

In order to be entitled to receive VR&E services as authorized by Congress under Title 38, Code of Federal Regulations, Chapter 31, the veteran is required to go through the following process:¹⁸

Application

At the beginning of the qualification process for VR&E benefits, the service member or veteran is required to complete an initial application (VA Form 28-1900)¹⁹ for benefits and forward it to the Regional Office of jurisdiction. A service member may apply while

¹⁵ U. S. Department of Veterans Affairs. (2006, Dec 7). Testimony of Gordon Mansfield before Subcommittee on Economic Opportunity, House Committee on Veterans Affairs. Retrieved August 3, 2008, from <http://www.va.gov/OCA/testimony/hvac/seo/061207GM.asp>

¹⁶ Suitable employment is “work that is within a veteran’s physical and emotional capabilities and consistent with his or her pattern of abilities, aptitudes, and interests.” Source: U.S. Department of Veterans Affairs. VetSuccess.gov. (2007). *Which track is right for me? Reemployment with previous employer*. Retrieved July 15, 2008, from <http://www.vetsuccess.gov/fivetracks/>

¹⁷ *VR&E Task Force (2004)*. p. 41. Washington, DC: U.S. Department of Veterans Affairs. Office of the Secretary.

¹⁸ U.S. Department of Veterans Affairs. (2008). *Vocational Rehabilitation & Employment Program*. Retrieved May 27, 2008, from <http://www.vba.va.gov/bln/vre/vrs.htm>

¹⁹ U.S. Department of Veterans Affairs. (2008). *Coming home to work program*. Retrieved July 1, 2008, from <http://www.vetsuccess.gov/cominghome/>

still on active duty or after being discharged. The veteran must submit the completed application within the 12-year basic eligibility period from whichever of the following is more recent:

- Date of separation from active military service or
- Date the veteran was first notified by VA of a service-connected disability rating

Note: If the veteran is determined to have a serious employment handicap²⁰ by the Vocational Rehabilitation Counselor (VRC), the 12-year limit may be waived. Thus, VR&E will complete an initial evaluation on every such veteran regardless of the 12-year termination date for use of the benefit.

General Eligibility Determination

To receive an approved application and advance to the next step, the veteran must:

- Have received, or will receive, a military discharge that is other than dishonorable
- Have a service-connected disability rating of at least 20%. Veterans with a 10% service-connected rating can apply for benefits but must be found to have a serious employment handicap to be entitled to benefits.
- Have a memorandum rating of at least 20% if still on active duty.

If the veteran meets the general eligibility criteria, VR&E enters the veteran's information into electronic files in the Benefits Delivery Network (BDN) and the CWINRS system.

Evaluation and Planning

During this next stage of the process, VR&E schedules the veteran to meet with a VRC for a comprehensive evaluation to determine whether the veteran is entitled to VR&E services. The comprehensive evaluation includes:²¹

- Assessment of the veteran's interests, aptitudes, and abilities
- Assessment of whether service-connected disabilities impair the veteran's abilities to find and/or hold jobs using the occupational skills he or she has already developed
- Vocational exploration and goal development

²⁰ By definition, Serious Employment Handicap (SEH) is a significant impairment of a veteran's ability to prepare for, obtain, or retain employment consistent with his or her abilities, aptitudes and interests. The SEH must result in substantial part from a service-connected disability. *Source:* U.S. Department of Veterans Affairs. (2008). *Vocational Rehabilitation & Employment Program Services*. Retrieved July 3, 2008, from <http://www.vba.va.gov/bln/vre/def.htm#seh>

²¹ U.S. Department of Veterans Affairs. (2008). *Vocational Rehabilitation & Employment Program*. Retrieved July 2, 2008, from <http://www.vba.va.gov/bln/vre/vrs.htm>

Entitlement Determination

Currently, the veteran is entitled to vocational rehabilitation if he or she is within the 12-year basic period of eligibility and has a 20% or greater service-connected disability rating and an employment handicap.²² If the veteran is beyond the 12-year eligibility period, or if the veteran has a service-connected disability rating less than 20%, then the VRC must determine that a serious employment handicap exists in order to establish entitlement to VR&E services.

Vocational Rehabilitation Plan

Once VR&E establishes entitlement to benefits, the VRC performs an evaluation of the needs of the veteran and develops an individualized rehabilitation plan to achieve identified vocational goals. These rehabilitation plans can provide the veteran with one or more of several types of service options:

- Reemployment with previous employer
- Rapid access to employment services for new employment
- Self-employment
- Employment through long-term services
- Independent living services

The veteran currently has up to 48 months of subsistence allowance if participating in a VR&E program on a full-time²³ basis to complete his or her rehabilitation plan, except for an independent living goal, which should be achieved within 24 months with a possible maximum 6-month extension. Once the rehabilitation plan is developed, a case manager continues to help the veteran to achieve the goal of employment or independent living. The case manager organizes tutorial assistance, medical and dental referrals, subsistence allowance, and counseling while the veteran pursues his or her vocational plan.

²² By definition, Employment Handicap (EH) is an impairment of a veteran's ability to prepare for, obtain, or retain employment consistent with his or her abilities, aptitudes, and interests. The impairment must result in substantial part from a service-connected disability. *Source:* U.S. Department of Veterans Affairs. (2008). *Vocational Rehabilitation & Employment Program Services definitions*. Retrieved July 3, 2008, from <http://www.vba.va.gov/bln/vre/def.htm#seh>

²³ Entitlement may be prorated for part-time participation. Extensions may be granted if certain conditions apply or if a veteran is determined to have a serious employment handicap.

Vocational Rehabilitation

VR&E considers veterans successfully rehabilitated only if they (1) achieve the goals of their individualized rehabilitation plan, which may be to further their education and obtain or retain suitable long-term employment for 60 days or more or (2) achieve the goals of their Individualized Independent Living Plans and maintain an increased level of independence in daily living.²⁴

²⁴ A national Memorandum of Agreement signed October 5, 2005, between the Department of Labor Veterans' Employment and Training Services (VETS) and VR&E states that the two agencies will track the total number of participants who entered suitable employment and the total number who maintained suitable employment for 180 days or more. Source: U.S. Department of Labor. (2005, November 8). *Veterans' program letter No. 01-06* (p. 6). Retrieved July 16, 2008, from <http://www.dol.gov/vets/vpls/VPLs/VPL%201-06.pdf>

III. DESCRIPTION OF THE TRANSITION PROCESS

The process of transitioning from military to civilian status is a major life change for service members who are healthy. For service members who are injured or ill, the change can be overwhelming, especially for individuals who are seriously injured or ill. Transition begins prior to separation from active duty with information briefings on the transition process and the benefits and services that are available. Service members and their families are provided Transition Assistance Program (TAP) briefings by the Department of Labor (DOL) and VA. TAP briefings are designed to prepare retiring or separating military personnel for their return to civilian life.²⁵ A wide array of benefits and services are available depending on the circumstances of the individual service member. For example, veterans who served in a combat theater of operations after 1998 are eligible for VA health care for five years after discharge for conditions possibly related to military service.²⁶ Service members are instructed on how to complete VA application forms and advised on what evidence is needed to support their claims. While offered to all service members, TAP briefings are not mandatory except for members of the Marine Corps.

For service members who indicate that they intend to file a claim for service-connected disability and for others who may want to learn about disability benefits and how to file a claim, Disabled Transition Assistance Program (DTAP) briefings are offered. DTAP provides information on the special benefits available for individuals with service-connected disabilities including Specially Adapted Housing (SAH), Special Housing Adaptations (SHA) grants, and vehicles as well as Social Security Disability Insurance (SSDI) if individual is severely disabled. Vocational Rehabilitation and Employment (VR&E) assistance is available for individuals needing only employment assistance or for individuals needing education and training to overcome employment handicaps related to service-connected disabilities. Active duty personnel awaiting discharge due to disability are eligible for VR&E while still on active duty. DTAP also offers instruction and assistance on completing a claim for disability benefits and begins the Benefits Delivery at Discharge (BDD) process. The goal of BDD is for the service member to be able to file a claim with all necessary supporting information such as service medical records prior to discharge so that the claim can be processed, a rating of service-connected disability assigned, and payment of benefits can begin as close to the date of discharge as possible.

²⁵ U.S. Department of Veterans Affairs. (2008, May 22). *Statement of Diana Rubens before the House Veterans' Affairs Committee*. Retrieved June 20, 2008, from <http://www.va.gov/OCA/testimony/hvac/sdama/080522DR.asp>

²⁶ U.S. Department of Veterans Affairs. VA Health Care. (2008). *Fact sheet 16-4: Combat veteran eligibility*. Retrieved August 5, 2008, from <http://www.va.gov/healtheligibility/Library/pubs/CombatVet/CombatVet.pdf>

Frequently the term “seamless transition” is used to describe the ideal transition, yet repeated assessments²⁷ of the transition process indicate that it is far from seamless and that a truly seamless transition remains just a goal.

There can be a gap in income, sometimes for months, for veterans and their families while claims are being processed. Timeliness of claims processing has been a problem for years. For individuals in the process of establishing a medical discharge from the military, VA has the authority to assign pre-stabilization ratings²⁸ of either 50% or 100% without a medical examination from date of discharge from the service, which can remain in effect for 12 months following discharge. Special Monthly Compensation (SMC) can be awarded concurrently. During the period FY 2005 to FY 2007, VA granted 1,057 pre-stabilization awards, 726 at the 100% level and 331 at the 50% level. Thus, an annual average of 242 was granted at the 100% disability level rating and 110 at the 50% disability level rating. During the seven-year period of calendar years 2000-2006, the Department of Defense (DoD) averaged 211 service members discharged with DoD ratings of 100% and 512 at the 50-90% disability level rating. These data indicate that greater use of the 50% disability level pre-stabilization ratings could ease the burden on severely disabled service members transitioning to civilian life.²⁹

Even if the claim is processed to completion prior to or near the discharge date, the Omnibus Budget Reconciliation Act of 1982 (Public Law 97-253, now 38 U.S.C. § 5111) prohibits disability compensation payments until the first day of the second month after the award is granted. The result is that service members do not receive benefits for up to two months after discharge. This delay also applies to claims filed within one year of discharge even though the entitlement date is one day after the date of discharge.

²⁷ U.S. Government Accountability Office. (2003). *Computer-based patient records*, Retrieved June 20, 2008, from <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-04-271T>

U.S. Government Accountability Office. (2003). *Post-hearing questions Regarding the Departments of Defense and Veterans Affairs providing seamless health care coverage to transitioning veterans*. Retrieved June 20, 2008, from <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-04-294R>

U.S. Government Accountability Office. (2005). *DoD and VA: Systematic sharing would help expedite servicemembers' transition to VA services*. Retrieved June 20, 2008, from <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-05-722T>

U.S. Government Accountability Office. (2005). *VA and DoD health care*. Retrieved June 20, 2008, from <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-05-1052T>

U.S. Government Accountability Office. (2006). *VA and DoD health care*. Retrieved June 20, 2008, from <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-06-794R>

U.S. Government Accountability Office. (2007). *DoD and VA Health Care*. Retrieved June 20, 2008, from <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-07-606T>

U.S. Government Accountability Office. (2007). *VA and DoD are making progress in sharing medical information, but remain far from having comprehensive electronic medical records, GAO presentation to the Veterans' Disability Benefits Commission*. Retrieved June 20, 2008, from https://www.1888932-2946.ws/vetscommission/e-documentmanager/gallery/Documents/2007_July/GAO_Slides_7-18-07.pdf

U.S. Government Accountability Office. (2008). *VA and DoD health care*. Retrieved June 20, 2008, from <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-08-495R>

U.S. Government Accountability Office. (2007). *Information technology*. Retrieved June 20, 2008, from <http://www.gao.gov/docsearch/abstract.php?rptno=GAO-08-207T>

²⁸ 38 CFR §4.28.

²⁹ House Veterans' Affairs Committee. (November 13, 2007). Letter from James Terry Scott, former Chairman, Veterans' Disability Benefits Commission to Honorable Bob Filner, Chairman.

The DoD Disability Evaluation System (DES) process assesses injured and ill service members for fitness for military duty. Entry into DES occurs when the service member is referred to a Medical Evaluation Board (MEB) within his or her military branch. MEB determines if the service member is fit for duty and, if unfit, refers the service member to the branch's Physical Evaluation Board (PEB) that decides if the service member can perform his or her military duties and, if not, assigns a level of disability. DoD by statute is required to use the VA Schedule for Rating Disabilities (VASRD) although DoD issues supplementary instructions.³⁰ Between 2000 and 2006, DoD separated or retired 83,008 service members as unfit for duty. Of these, DoD rated 81 percent 0-20% disabled.³¹ DoD separates individuals rated less than 30% disabled with severance pay but no retirement benefits such as TRICARE.

Currently, there is no consistent definition for what constitutes serious illness or injury in VA and/or among the branches of the service. The DoD/VA Senior Oversight Council (SOC) is attempting to gain consensus among VA and DoD parties on a consistent definition. A current SOC study of caregivers³² has used the existing definitions to identify 4,137 seriously ill or injured in the five years since the beginning of Operation Iraqi Freedom, approximately 825 per year. The resultant annual average is similar to findings in 2007 that 5,060 (723 per year) were rated by DoD as 50% through 100% disabled from 2000 to 2006. Of those rated 50% through 100% disabled, 2,422 (346 per year) were rated 70% through 100% disabled; and of those, 1,478 (211 per year) were rated 100% disabled.³³

Upon completion of the DES process, individuals discharged or separated as unfit can file for VA disability compensation; 79 percent of those found unfit from 2000 through 2006 did so.³⁴ Statutory restrictions limit service members' eligibility to concurrently receive DoD separation or retirement benefits as well as VA disability compensation. For individuals who receive severance or separation pay from DoD for disabilities rated by DoD at 0%-20%, VA generally does not provide compensation until separation pay is recouped. For individuals rated less than 50% by VA, military disability retirement is offset dollar for dollar for his or her VA disability compensation. Since 2004, individuals rated by VA as 100% have been able to receive both military retirement and VA compensation. For those individuals rated by VA 50% to 90% the ability of keeping both payments is being phased out by 2014.

Both the Veterans' Disability Benefits Commission (VDBC) and the Dole-Shalala Commission recommended that the DES and VA disability compensation processes be revised so that the military branches decide fitness for duty only and VA alone provides the disability severity rating, thus removing DoD from the disability rating process. A

³⁰ 10 U.S.C. chapter 61 and DoD Instruction 1332.39.

³¹ VDBC, p. 350.

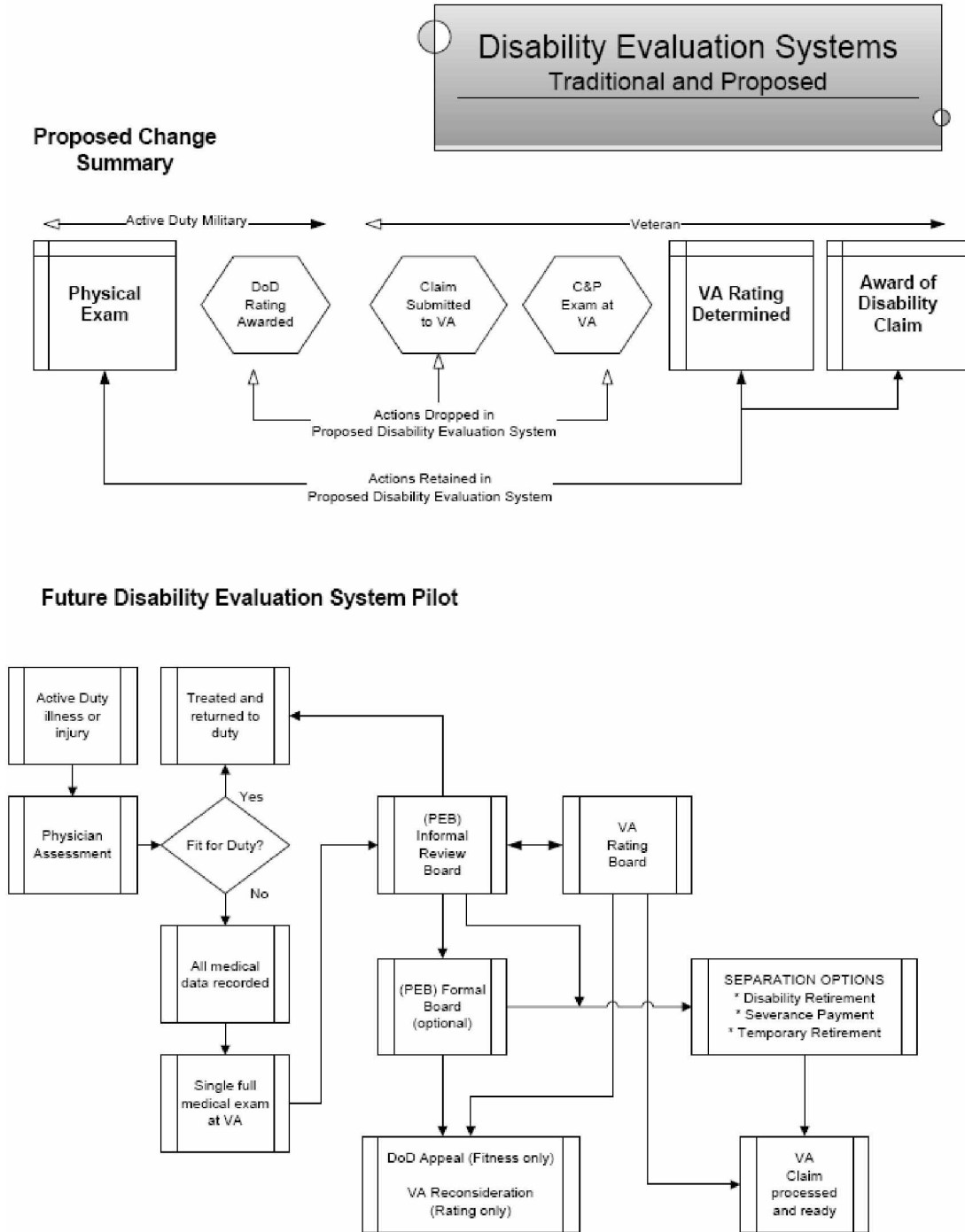
³² Study being conducted by CNA Corporation for the VA/DoD Senior Oversight Committee.

³³ Computed from CNA Corporation. (2007). *Final report for the Veterans' Disability Benefits Commission: Compensation, survey results, and selected topics*, p. 179.

³⁴ VDBC, p. 352.

pilot project is now underway to test this concept and design a new, merged process as shown in Figure III-1.

Figure III-1. Current and Future Disability Evaluation System



Source: EconSys Study Team.

IV. CURRENT VA BENEFIT AMOUNTS

Veterans with disabilities are currently entitled to a number of benefits to assist their reintegration into the civilian world and to meet their continuing needs. These include: VR&E services and the associated subsistence allowance, disability compensation based on their rating percentage, health care for veterans with disabilities and for the dependents of veterans rated 100% disabled as well as ancillary and special purpose benefits for conditions related to military service. In addition, VA pays the full cost of tuition, fees, and books at an institution of higher learning approved by a VR&E counselor for those program participants who need re-training to prepare for, obtain, and maintain suitable employment.

VR&E Subsistence Allowance

Veterans eligible to participate in VR&E qualify for a monthly subsistence allowance that is intended to assist veterans during VR&E participation. This allowance is paid each month during training and is based on the type of program in which the individual is enrolled (for example, on-the-job training, training at institutions of higher learning, and work experience), rate of attendance (for example, half-time or full-time), and the number of dependents the veteran has. Table IV-1 shows the monthly subsistence rates paid to veterans while participating in VR&E. A full list of VR&E training program subsistence allowance rates is located in Appendix A.

Table IV-1. VR&E 2008 Monthly Subsistence Allowance Rates for Veterans

Participation Level	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Training at Institutions of Higher Learning, Work Experience, Independent Living, and Extended Evaluation Programs				
Full-time	\$521	\$646	\$761	\$55
Three Quarter-time	\$391	\$485	\$569	\$43
Half-time	\$262	\$324	\$381	\$28
Farm Cooperative, Apprenticeship, or other On-the-Job Training				
Full-time ⁱ	\$455	\$551	\$635	\$41

Source: U.S. Department of Veterans Affairs. (2007). VR&E training programs subsistence allowance rate increase as of October 1, 2007. Washington, DC: U.S. Department of Veterans Affairs

ⁱ Subsistence allowance only paid for full-time training in farm cooperative, apprenticeship, or other on-the-job training programs.

The Chapter 30 Montgomery GI Bill (MGIB) is another program that provides veterans compensation while they are attending college. A new education program, the Chapter 33 GI Bill, has very recently been enacted and will be effective August 2009. It is important that the transition payments that service-connected disabled (SCD) veterans receive while in VR&E are comparable and meaningful relative to benefits received in

the new GI Bill by veterans who may or may not have service-connected disabilities. Table IV-2 provides a comparison of VR&E (Chapter 31) to the Chapter 33 and Chapter 30 GI Bills.

Table IV-2. Comparison of Benefits under Chapter 30, Chapter 31, and Chapter 33

	Chapter 31 ⁱ VR&E	Chapter 33 ⁱⁱ Post 9/11 GI Bill	Chapter 30 ⁱⁱⁱ Montgomery GI Bill
Period of Eligibility	12 years after initial qualifying service-connected disability rating	15 years after discharge or separation	10 years after discharge or separation
Eligibility Determination	Yes	Yes	Yes
Entitlement Decision	Yes	No	No
Counseling and Evaluation Service	Yes	No	No
Payment Rate for Full-Time Student	Full cost of tuition at an institution of higher learning approved by VR&E Counselor	A payment indexed to full in-state tuition for public schools. The national average for in-state tuition in 2008 is \$6,185. A lump-sum paid directly to the school each term.	Annually set - nationwide - monthly payment rate paid to the student each month (set to increase to \$1,321 for 2008-2009)
Additional Expense Payments	<u>Living Expenses</u> - monthly subsistence allowance that depends on number of veteran's dependents and status of training <u>Tuition, Books, and Fees</u> are covered upon approval by VR&E Counselor <u>Additional Expense Payments</u> may include tutorial, licensing/certification fees, worksite modification, equipment, and specialized services such as job coaching, OJT, apprentice programs, and special employer incentives.	<u>Living Expenses</u> - stipend based on local Basic Allowance for Housing (BAH) for E-5 with dependents - paid monthly average amount approximately \$1,100 a month <u>Books and Fees</u> - up to \$1,000 a year <u>Tutoring</u> - up to \$100 a month, with a maximum total payment of \$1,200 <u>Licensing/certification test</u> - one-time payment of up to \$2,000	No
Medical and Dental Benefits/Referrals	Yes, if the veteran's vocational plan is impacted	No	No
Case Management Services	Yes	No	No
Independent Living Service	Yes	No	No
Employment Services	Yes	No	No
Transfer benefits to families	No	Yes ^{iv}	Currently limited to Army for Critical Military Occupation Specialty (MOS)
Duration of Program	48 months	36 months	36 months

Source: VR&E Task Force and Military.com

ⁱ VR&E Task Force (2004). p. A-48. Washington, DC: U.S. Department of Veterans Affairs. Office of the Secretary.

ⁱⁱ Maze, R. (June 2008). Your New GI Bill. *Army Times: Your new GI Bill*. Retrieved July 10, 2008, from <http://www.militaryconnection.com/articles/gi-bill/your-new-gi-bill.html>

ⁱⁱⁱ VR&E Task Force (2004).

^{iv} "Active duty, National Guard, and Reserve members with six years of service could transfer their full GI Bill benefits to their spouses after agreeing to serve at least four more years. A service member would have to complete 10 years of service before being allowed to transfer benefits to children. No transfer rights would be available until regulations are issued by the Pentagon." Source: Military.com. (n.d.). *New GI Bill overview*. Retrieved July 11, 2008, from <http://education.military.com/money-for-school/gi-bill/new-gi-bill-overview>

Veterans' Disability Compensation

Veterans disabled by injuries or illnesses which either occurred or were aggravated in the course of their military service are eligible for disability compensation unless they received a dishonorable discharge. Table IV-3 presents the monthly compensation rates by combined rating showing additional compensation amounts for spouses and children for those veterans with a disability rating of 30% or higher.

Table IV-3. 2007 Monthly Disability Compensation Rates for Veterans

Combined Rating	Veteran Alone	Veteran with Spouse Only	Veteran with Spouse and Child	Each Additional Child Under Age 18
10%	\$117	\$117	\$117	\$0
20%	\$230	\$230	\$230	\$0
30%	\$356	\$398	\$429	\$21
40%	\$512	\$568	\$610	\$28
50%	\$728	\$799	\$850	\$35
60%	\$921	\$1,006	\$1,068	\$42
70%	\$1,161	\$1,260	\$1,332	\$49
80%	\$1,349	\$1,462	\$1,545	\$56
90%	\$1,517	\$1,644	\$1,737	\$63
100%	\$2,527	\$2,669	\$2,772	\$71

Source: U.S. Department of Veterans Affairs, *Veterans Compensation Benefits Rate Tables - Effective 12/1/07*

Ancillary and Special Purpose Benefits

Special Monthly Compensation

VA provides supplementary Special Monthly Compensation (SMC) to a veteran “who, as a result of military service, incurred the loss or loss of use of specific organs or extremities.”³⁵ The amount of SMC payment is determined by the nature of disability in accordance with Section 1114 of Title 38, United States Code. The award is referred to by the letters (K) through (S).³⁶ Except for the SMC (K), to qualify for an SMC award, a veteran must have a combined degree of disability (CDD) rating of 100% or have special circumstances (for example, being housebound). The amount of compensation a veteran receives is calculated at the time a claim is adjudicated by adding the compensation rate for his/her level of disability with the rate associated with the degree of disability outlined under the special monthly compensation rates. VA will pay higher rates for combinations of disabilities with small adjustments for the veteran’s marital status and number of dependents as shown in Table IV-4.

³⁵ U.S. Department of Veterans Affairs. (2006). *Special Monthly Compensation (SMC) for serious disabilities*. Retrieved May 12, 2008, from www.vba.va.gov/VBA/benefits/factsheets/serviceconnected/SMCeg_0406.doc

³⁶ U.S. Department of Veterans Affairs. (2006). *Benefits Index, Compensation, and Pension Benefits*. Retrieved May 12, 2008, from <http://www.vba.va.gov/bln/21/Benefits/#BMS>

Table IV-4. 2007 Special Monthly Compensation Rates

SMC Code	Veteran Alone	Veteran with Spouse	Veteran with Spouse and One Child	Each Additional Child Under Age 18
(K) ⁱ	\$91	\$91	\$91	\$91
(L) (A&A)	\$3,145	\$3,287	\$3,390	\$71
(L½) (A&A)	\$3,307	\$3,449	\$3,552	\$71
(M)	\$3,470	\$3,612	\$3,715	\$71
(M½)	\$3,709	\$3,851	\$3,954	\$71
(N)	\$3,948	\$4,090	\$4,193	\$71
(N½)	\$4,180	\$4,322	\$4,425	\$71
(O)/(P)	\$4,412	\$4,554	\$4,657	\$71
(Q) ⁱⁱ	\$67	\$67	\$67	\$67
(R.1) (A&A)	\$6,305	\$6,447	\$6,550	\$71
(R.2) (A&A)	\$7,232	\$7,374	\$7,477	\$71
(S) (Housebound)	\$2,829	\$2,971	\$3,074	\$71

Source: U.S. Department of Veterans Affairs, *Special Monthly Compensation - Effective 12/1/07*.

ⁱ “This rate is added to any percentage from 0% through 100%. It is added to all SMCs except (O), (Q), and (R). A veteran may receive from one to three SMC (K) awards in addition to basic and SMC rates.” Source: U.S. Department of Veterans Affairs. (2007). *How to read compensation and SMC benefits rate tables*. Retrieved May 13, 2008, from <http://www.vba.va.gov/bln/21/Rates/comp01b.htm>

ⁱⁱ This rate is paid in place of any percentage excluding 0%. It has not been awarded since August 19, 1968. Source: U.S. Department of Veterans Affairs. (2007). *How to read compensation and SMC benefits rate tables*. Retrieved May 9, 2008, from <http://www.vba.va.gov/bln/21/Rates/comp01b.htm>

Aid and Attendance or Housebound

A veteran who is rated 100% disabled can qualify for one of three specified rates of aid and attendance (A&A) payments under SMC Code (L), (R.1), or (R.2) with a net payment for assistance above the amount of compensation for being rated 100% of \$618, \$1,893, and \$2,820 per month, respectively. A veteran who is not entitled to A&A compensation may be eligible for a housebound net monthly payment of \$302 under SMC Code (S). Table IV-5 provides a detailed list of eligibility criteria and amounts for A&A or housebound compensation.

The primary focus of A&A is on physical impairments and mobility with very little attention focused on cognitive impairments such as Traumatic Brain Injury (TBI) or psychological impairments and the needs of those conditions for supervision and management.³⁷

Some recipients of SMC (L) are not in need of A&A and receive SMC (L) for anatomical loss or loss of use of both feet, one hand and one foot, or blindness. In December 2005, SMC (L) was received by 13,302 veterans, of which 6,338 (48 percent) received the award for A&A. At that time, SMC (S) for Housebound was received by 27,861 veterans.

³⁷ Veterans’ Disability Benefits Commission (VDBC). (2007). *Honoring the call to duty: Veterans’ disability benefits in the 21st century*, p. 233. Washington, DC: U.S. Department of Veterans Affairs. Office of the Secretary.

Table IV-5. Aid and Attendance or Housebound Eligibility Criteria

Aid & Attendance and Housebound Status	SMC Code	Eligibility Criteria	Veteran Only Award Amount	Payment for Disability Rating of 100% or SMC Codes (O) and (P) ⁱ	Net Payment for Assistance
Aid and Attendance	(L)	A veteran has a single service-connected disability rated at 100% and is in need of aid and attendance of another person	\$3,145	\$2,527	\$618
	(R.1)	A veteran receiving the maximum rate under SMC codes (N),(O) or (P) who requires regular aid and attendance	\$6,305	\$4,412	\$1,893
	(R.2)	A veteran meets the criteria for (R.1) and demonstrates a need for a higher level of care	\$7,232	\$4,412	\$2,820
Housebound	(S)	A veteran has a single service-connected disability rated at 100% and an additional service-connected disability independently ratable at 60% or permanently housebound due to a service-connected disability	\$2,829	\$2,527	\$302

Source: 38 United States Code §3.350, Section 1114.

ⁱ Eligibility criteria for SMC codes (O) and (P) are outlined in Appendix C.

Clothing Allowance

A veteran using prosthetic or orthopedic appliances or using a prescribed medication for a skin condition due to a service-connected disability may receive an annual clothing allowance at the 2008 rate of \$677 per year.³⁸

Automotive and Adaptive Equipment

VA provides financial assistance in the maximum amount of \$11,000 up to three times (see paragraph following table) to purchase a new or used vehicle to accommodate a veteran with any of the following disabilities:³⁹

- Loss, or permanent loss of use, of one or both feet
- Loss, or permanent loss of use, of one or both hands
- Permanent impairment of vision in both eyes to a certain degree

³⁸ U.S. Department of Veterans Affairs. (2006). *Benefits, compensation, and pension benefits*. Retrieved June 2, 2008, from <http://www.vba.va.gov/bln/21/Benefits/index.htm#BMC>

³⁹ U.S. Department of Veterans Affairs. (2006). *Automobiles or other conveyances, certification*. Retrieved May 7, 2008, from http://www.warms.vba.va.gov/regs/38CFR/BOOKB/PART3/S3_808.DOC

Additionally, certain service-connected veterans may qualify for the adaptive equipment grant which they can use to purchase power steering, power brakes, power window lifts, power seats, and any other special equipment required. The adaptive equipment grant may be paid to a veteran more than once.

Specially Adapted Housing

VA has four types of home modification programs to assist an eligible veteran in constructing an adaptive home or modifying a presently owned home to meet his or her disability-driven living needs. Table IV-6 lists the eligibility criteria for each grant type. Additionally, VR&E, working with other VA programs, can assist veterans participating in the program with home modifications as determined necessary.

According to the Veterans' Housing Opportunity and Benefit Act of 2006, a veteran may now use Specially Adapted Housing (SAH) and Special Home Adaptation (SHA) grants up to three times so long as the maximum financial award amount is not exceeded."⁴⁰ An eligible veteran may qualify for a Home Improvements and Structural Alterations grant concurrently with either SAH or SHA.⁴¹ The Temporary Residence Adaptation grant may only be used once and counts for the purposes of the limit of three.⁴² VDBC recommended that the automotive and adaptive housing benefits be extended to service-connected veterans needing these benefits whose disabilities are not currently covered such as severe burn victims.⁴³

⁴⁰ U.S. Department of Veterans Affairs. (2005). *The Veterans Housing Opportunity and Benefits Act of 2006*. Retrieved May 12, 2008, from http://www.homeloans.va.gov/circulars/26_06_05.pdf. The current maximum grant amount for SAH is \$60,000 and \$12,000 for SHA.

⁴¹ U.S. Department of Veterans Affairs. (2006). *Home modification programs*. Retrieved May 06, 2008, from http://www.vba.va.gov/VBA/benefits/factsheets/homeloans/HomeModseg_0406.doc

⁴² The Catalog of Federal Domestic Assistance. (u.d.). *Specially Adapted Housing for disabled veterans*. Retrieved April 24, 2008, from http://12.46.245.173/pls/portal30/CATALOG.PROGRAM_TEXT_RPT.SHOW?p_arg_names=prog_nbr&p_arg_values=64.106

⁴³ VDBC, p. 239.

Table IV-6. Home Modification Grants for Veterans

Home Modification Grants	Financial Award Amount	Eligibility Criteria
Specially Adapted Housing (SAH)	\$50,000 limit to construct an adaptive home or modify an existing one to meet adaptive needs	Permanent and total service-connected disability due to: <ul style="list-style-type: none"> • The loss or loss of use of both lower extremities such as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair, or • Blindness in both eyes, having only light perception, plus loss or loss of use of one lower extremity, or • The loss or loss of use of one lower extremity combined with (1) residuals of organic disease or injury, or (2) the loss or loss of use of one upper extremity, which so affects the functions of balance or propulsion as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair, or • The loss or loss of use of both upper extremities such as to preclude use of the arms at or above the elbow.
Special Home Adaptations (SHA)	\$10,000 limit to modify an existing home to meet adaptive needs	Permanent and total service-connected disability due to: <ul style="list-style-type: none"> • Blindness in both eyes with 5/200 visual acuity or less, or • The anatomical loss or loss of use of both hands or extremities below the elbow.
Home Improvements and Structural Alterations (HISA)	\$4,100 limit for a service-connected disability or \$1,200 limit for a non service-connected disability to modify an existing home to meet adaptive needs	A medical determination that improvements and structural alternations are necessary for effective and economical treatment of the disability.
Temporary Residence Adaptation (TRA) ⁱ	\$14,000 and \$2,000 limits to modify a family member's home to meet adaptive needs	Eligibility under the SAH program for the upper limit or eligibility under the SHA program for the lower limit.

Source: U.S. Department of Veterans Affairs, Home Modification Programs. Retrieved April 4, 2008 from <http://www.homeloans.va.gov>

ⁱ Selfon, L.J. & Maghran, M. (u.d.). *VETSFIRST: Adapting VA home modification grants to meet your needs*. Retrieved April 4, 2008, from <http://www.unitedspinal.org/publications/action/2008/02/11/vetsfirst-adapting-va-home-modification-grants-to-meet-your-needs/>

V. ESTIMATED LIVING EXPENSES AS A BASIS FOR BENEFIT AMOUNT

Veterans with disabilities face a number of living expenses during their transition to civilian life before and during their participation in the Vocational Rehabilitation and Employment (VR&E) programs. In order to estimate what an appropriate level of transition benefit should be, the EconSys Study Team chose the following categories to comprise a core group of living expenses that one would expect a living expense benefit to cover: housing, food, and transportation. We also present optional menu items such as apparel and services, health care (for dependents), personal care products and services, and entertainment. Finally, we identified expenses for caregiving, child care, and additional expenses due to disability that would be appropriate for certain veterans on an “As Needed” basis depending on the nature and severity of disability and presence of dependent children.

All expenses or estimated costs presented in this section were calculated for individuals as well as adjusted for households of larger sizes.

The study team made the following assumptions:

- Tuition, books, and other education or training costs are paid for by VR&E as they are included in the current program and are not considered as part of potential transition benefit.
- The study team’s analysis of family living expenses assumes that VA provides veterans with disabilities with health care but not their dependents except for dependents of veterans rated 100% totally and permanently disabled. However, we provided estimates for health care costs of different household sizes as an optional menu item that VA may consider as an expense that would affect the amount of the transition benefit.
- Aid & Attendance (A&A) is paid by VA; thus, it is not included in the scenarios as a longer-term add-on expense.
- Costs, earnings, and other compensation are stated in 2008 dollars. This is particularly relevant to the scenario analysis of the VR&E CWINRS⁴⁴ data, where there are participants who went through the program in the 1990’s.
- This effort assumes that all veterans are full-time students. From a policy perspective, VA must decide if it will adjust the benefit for living expenses downward for students enrolled in less than full-time programs.

⁴⁴ CWINRS is a case management and information system created for VR&E, which contributes to sharing information nationwide.

Data Sources for Core Living Expenses

The study team gathered data from a number of sources in order to estimate the appropriate level of benefit. These included traditional government agencies such as the U.S. Census Bureau's Consumer Expenditure Survey (CES), the Housing and Urban Development's (HUD) Fair Market Rents (FMRs), the U.S. Department of Agriculture's (USDA) Food Plans, and the Department of Defense's (DoD) Basic Allowance for Housing (BAH) and Basic Allowance for Subsistence (BAS). In addition, information on caregiving costs from the National Alliance for Caregiving and the American Association of Retired Persons provide useful information. The estimated costs often vary by the source of data and the study team chose the estimate that we felt provided the most realistic and appropriate basis for estimating a proposed transition benefit.

Consumer Expenditure Survey

The U.S. Census Bureau collects information for the Bureau of Labor Statistics (BLS) as part of the CES program. The survey results provide data on spending habits across the country including data on expenditures, income, and consumer unit (that is, families and single consumers) characteristics. Available data tables show data classified by income quintile, income class, size of the consumer unit, composition of the consumer unit, number of earners, housing tenure, type of area (urban-rural), and other demographic characteristics. The most recent CES data provides dollar amounts for 2005⁴⁵ which the study team inflated to May 2008 dollars using Consumer Price Index (CPI) values for each expense category. (The 2005 CES data and CPI values to adjust the 2005 data to May 2008 dollars is located in Appendix B.) The next few pages present these May 2008 expenditure values on housing, food, and transportation.

HUD Fair Market Rents Data

HUD collects and maintains housing cost estimate data that is used for a number of rental housing programs.⁴⁶ Housing cost estimates from HUD's FMRs are used to calculate payment amounts for participants in its Housing Choice Voucher program that seeks to provide "decent, safe, and sanitary housing in the private market" for the elderly, disabled, and families under certain income limits.⁴⁷ HUD annually estimates FMRs for 530 metropolitan areas and 2,045 non-metropolitan county FMR areas and is required by law to publish data at the start of each federal fiscal year. FMR data is also used by DoD in its BAH program for areas outside of Military Housing Areas (MHAs).⁴⁸ The 2008 FMRs are based on 2000 Census data that has been updated with data from

⁴⁵ U.S. Department of Labor, Bureau of Labor Statistics. (2007). *Consumer expenditures in 2005 Report 998*. p. 3. Retrieved June 6, 2008, from <http://www.bls.gov/cex/csxann05.pdf>

⁴⁶ U.S. Department of Housing and Urban Development. (2008). *Fair Market Rents: Overview*. Retrieved March 14, 2008, from <http://www.huduser.org/datasets/fmr.html>

⁴⁷ U.S. Department of Housing and Urban Development. (2008). *Housing Choice Vouchers fact sheet*. Retrieved March 13, 2008, from http://www.hud.gov/offices/pih/programs/hcv/about/fact_sheet.cfm

⁴⁸ U.S. Department of Defense Basic Allowance for Housing. (2008). *A primer on Basic Allowance for Housing (BAH) for the Uniformed Services* (p. 10). Retrieved June 4, 2008. <http://perdiem.hqda.pentagon.mil/perdiem/BAH-Primer.pdf>

more current surveys including Census Bureau’s American Community Survey (ACS), random digit dialing (RDD) surveys, private surveys, and CPI data.⁴⁹ FMRs are calculated for housing units having up to four bedrooms, with larger units calculated at an additional 15 percent for each additional bedroom.

DoD’s Basic Allowance for Housing Program

DoD’s BAH program seeks to provide service members within the U.S. accurate and equitable housing compensation based on costs in local housing markets and is payable when government housing is not offered.⁵⁰ BAH is tax-exempt and takes into account geographic location, pay grade, and dependency status to determine the monthly allowance. In calculating BAH, DoD examines local price data on rental housing, utilities (electricity, gas, oil, and water and sewer), and renter's insurance. As part of the process for setting BAHs, DoD collects local price data annually for approximately 400 MHAs across the country that are each defined by sets of zip codes. Rental costs are collected on apartments, townhouses, and single-family rental units.

DoD Basic Allowance for Subsistence Program

DoD has established a tax-exempt BAS that is intended to offset the cost for individual service member's meals with different monthly rates for officers and enlisted persons.⁵¹ Additionally, DoD also established a BAS II in 2003 for individuals assigned to housing “which do not have adequate food storage or preparation facilities, and where a government mess is not available and the government cannot otherwise make meals available.” The rate for BAS II is fixed at twice the rate for standard enlisted BAS. The 2008 BAS for enlisted individuals is \$294.43 per month and \$202.76 for officers. The 2008 monthly BAS II amount is \$588.86.⁵²

DoD also provides an additional Family Supplemental Subsistence Allowance (FSSA) for individuals whose gross household income makes them eligible for assistance under USDA’s food stamp program. Officers and enlisted personnel eligible for BAS may also qualify for FSSA (maximum of \$500) at a monthly rate that would bring the member's gross household income to 130 percent of the federal poverty line as established by the USDA.

⁴⁹ U.S. Department of Housing and Urban Development. (2007). *Final Fair Market Rents for Fiscal Year 2008. Federal Register*, 72(189), 55940-55941. Retrieved June 4, 2008, from http://www.huduser.org/datasets/fmr/fmr2008f/FR_Preamble_FY2008F.pdf

⁵⁰ U.S. Department of Defense Basic Allowance for Housing. (2008). *A primer on Basic Allowance for Housing (BAH) for the Uniformed Services* (pp. 1-11). Retrieved June 30, 2008, from <http://perdiem.hqda.pentagon.mil/perdiem/BAH-Primer.pdf>

⁵¹ U.S. Department of Defense. (October 2007). *DoD Financial Management Regulation, Vol. 7A, Chapter 25* (p. 3). Retrieved June 4, 2008, from http://www.defenselink.mil/comptroller/fmr/07a/07a_25.pdf

⁵² Office of the Under Secretary of Defense for Personnel and Readiness. (2008). *Basic Allowance for Subsistence (BAS)*. Retrieved April 10, 2008, from <http://www.defenselink.mil/militarypay/pay/bas/>

USDA Data on Food Costs

USDA provides cost estimates for food for children, adult males, adult females, and families of two and four.⁵³ These demographic categories are further broken down by age range and four food plans (liberal, moderate-cost, low-cost, and thrifty) that are published monthly.⁵⁴ Plans use the latest data on recommended dietary intake, nutrient content, and food prices from the National Health and Nutrition Examination Survey and Food Price Database.

National Alliance for Caregiving and the American Association of Retired Persons

The National Alliance for Caregiving and American Association of Retired Persons (AARP) conducted a survey of caregivers that provides a wealth of information on the nature of effort and the amount of time spent providing caregiving support to disabled persons.⁵⁵

Core Living Expenses

Housing Expenses

Housing expenses are estimated using three sources of information: CES, HUD, and DoD. Each of these sources provides a different perspective on the housing costs likely to be experienced by veterans in the VR&E program. CES housing data provide nationwide costs for shelter and utilities. The HUD housing data is used to calculate payments for participants in its income limited program and the HUD data is used by DoD for areas outside of their military housing areas. The HUD and DoD housing data reflect geographic variance in housing costs and can be applied based on location of veterans participating in VR&E. The recently enacted veterans' education program (Chapter 33) provides a housing allowance at the E-5 rate based on location of schooling.

⁵³ U.S. Department of Agriculture. Center for Nutrition Policy and Promotion. (2007). *The low-cost, moderate-cost, and liberal food plans: 2007 Administrative Report* (pp. ES-1-ES-2). Retrieved June 6, 2008, from <http://www.cnpp.usda.gov/Publications/FoodPlans/MiscPubs/FoodPlans2007AdminReport.pdf>

⁵⁴ U.S. Department of Agriculture. Center for Nutrition Policy and Promotion. (2008). *USDA food plans: Cost of food at home*. Retrieved June 6, 2008, from <http://www.cnpp.usda.gov/USDAFoodCost-Home.htm>

⁵⁵ The participants of the survey were asked if they provided help with any of the activities listed above. Source: National Alliance for Caregiving and American Association for Retired Persons. (2004). *Caregiving in the U.S.* (p. 47). Retrieved June 19, 2008, from <http://www.caregiving.org/data/04finalreport.pdf>

Consumer Expenditure Survey

CES provides national average expenditure data for consumer units ranging from one person to five or more persons as shown Table V-1.

Table V-1. 2005 Consumer Expenditure Survey Results for Average Monthly Housing Spending Categories: Shelter and Utilities in May 2008 Dollars

	One Person	Two Persons	Three Persons	Four Persons	Five or more Persons
Shelter	\$653	\$870	\$979	\$1,104	\$1,131
Utilities, Fuels, and Public Services	\$206	\$335	\$382	\$416	\$440
Total Shelter and Utilities	\$859	\$1,205	\$1,360	\$1,520	\$1,571

Source: U.S. Department of Labor, Bureau of Labor Statistic. (2007). *Consumer expenditures in 2005*. Retrieved June 6, 2008 from <http://www.bls.gov/cex/csxann05.pdf>

Descriptions of the housing related categories presented in the table are given below.

- Shelter – includes rent paid for dwellings, interest on mortgages, interest on home equity loans and lines of credit, parking fees, property taxes and insurance, refinancing and prepayment charges, ground rent,⁵⁶ expenses for property management and security, homeowners' insurance, fire insurance and extended coverage, expenses for repairs and maintenance contracted out, and expenses of materials for owner-performed repairs and maintenance for dwellings used or maintained by the consumer unit.
- Utilities, Fuels, and Public Services – includes natural gas; electricity; fuel oil and other fuels such as wood, kerosene, coal, and bottled gas; water and other public services such as garbage and trash collection, sewerage maintenance, septic tank cleaning; and telephone charges.

Housing and Urban Development Fair Market Rents

Table V-2 shows FMRs for different sized living units in metropolitan areas around the country in rank order by total veteran population to provide an idea of the variation in the estimated rents. The eleven areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population.⁵⁷

⁵⁶ The rent earned by leased land. Answers Corporation (2008). *ground rent*. Retrieved August 5, 2008, from <http://www.answers.com/topic/ground-rent>

⁵⁷ U.S. Department of Veterans Affairs. (2006). *National Center for Veterans Analysis and Statistics: Census 2000 veteran data [dataset]*. Retrieved June 4, 2008, from <http://www1.va.gov/vetdata/page.cfm?pg=1>

Table V-2. HUD 2008 Monthly Fair Market Rents for Selected Metropolitan Areas

FMR Metropolitan Area	One-Bedroom Unit	Two-Bedroom Unit	Three-Bedroom Unit	Four-Bedroom Unit
Washington, DC	\$1,168	\$1,324	\$1,708	\$2,235
Philadelphia, PA	\$781	\$932	\$1,116	\$1,327
Boston, MA	\$1,153	\$1,353	\$1,618	\$1,778
Detroit, MI	\$673	\$805	\$963	\$993
Dallas, TX	\$718	\$871	\$1,156	\$1,401
Seattle, WA	\$783	\$942	\$1,331	\$1,626
Atlanta, GA	\$741	\$824	\$1,003	\$1,094
Phoenix, AZ	\$715	\$862	\$1,256	\$1,498
Tampa, FL	\$730	\$883	\$1,119	\$1,351
San Diego, CA	\$1,117	\$1,355	\$1,976	\$2,382
Cleveland, OH	\$602	\$725	\$929	\$987
Average for Areas Listed in Table	\$835	\$989	\$1,289	\$1,516

Source: U.S. Department of Housing and Urban Development Fair Market Rent Final FY 2008 Documentation System

DoD Basic Allowance for Housing

Different types of units are used to establish the following six housing “profiles” for the BAH: One-Bedroom Apartment, Two-Bedroom Apartment, Two-Bedroom Townhouse, Three-Bedroom Townhouse, Three-Bedroom Single Family Detached House, and Four-Bedroom Single Family Detached House. In calculating the BAH, DoD does not consider mortgage costs by design. Monthly mortgage amounts do not always relate directly to rent and are not used to determine the BAH. As a result, BAH reflects current rental market conditions, not the historical circumstances surrounding existing mortgage loans. Mortgage payments are affected by a number of factors including expected appreciation in the value of the residence, amount of down payment, opportunity costs of interest from down payments, and tax savings due to the deduction of interest payments.

Those who do not reside in one of the 400 Military Housing Areas receive a non-locality allowance as shown below in Table V-3.

Table V-3. DoD 2008 Basic Allowance for Housing

Metropolitan Area	E4		E5	
	Without Dependents	With Dependents	Without Dependents	With Dependents
Washington, DC	\$1,304	\$1,718	\$1,490	\$1,855
Philadelphia, PA	\$1,043	\$1,390	\$1,211	\$1,615
Boston, MA	\$1,477	\$1,765	\$1,628	\$1,827
Detroit, MI	\$840	\$1,120	\$965	\$1,287
Dallas, TX	\$861	\$1,148	\$1,019	\$1,196
Seattle, WA	\$922	\$1,229	\$1,047	\$1,339
Atlanta, GA	\$892	\$1,107	\$975	\$1,198
Phoenix, AZ	\$833	\$1,097	\$984	\$1,136
Tampa, FL	\$1,056	\$1,361	\$1,198	\$1,454
San Diego, CA	\$1,374	\$1,820	\$1,648	\$1,857
Cleveland, OH	\$675	\$900	\$762	\$994
Average for Areas Listed in Table	\$1,025	\$1,332	\$1,175	\$1,390
Non-Locality Rate	\$445	\$638	\$512	\$734

Source: U.S. Department of Defense; Per Diem, Travel, and Transportation Allowance Committee; Basic Allowance for Housing, 07/14/08.

Suggested Housing Allowance

The three sources for housing expenses differ in the amount of allowance that would be paid to a single veteran or a veteran with two dependents as indicated in Table V-4.

Table V-4. Comparison of Possible Housing Allowance Rates

Housing Rates	One Person	Three Persons
CES National Average	\$859	\$1,360
HUD 11 Location Average	\$834	\$989
DoD BAH 11 Location Average	\$1,175	\$1,390
Average	\$956	\$1,246

Source: U.S. Department of Labor, Bureau of Labor Statistic. (2007). Consumer expenditures in 2005. Retrieved June 6, 2008 from <http://www.bls.gov/cex/csxann05.pdf>; U.S. Department of Housing and Urban Development Fair Market Rent Final FY 2008 Documentation System; U.S. Department of Defense; Per Diem, Travel and Transportation Allowance Committee; Basic Allowance for Housing, 07/14/08.

VA will need to decide which housing rate would be most appropriate for the transition benefit. In order to estimate program costs, the study team had to select one rate to use. Since the recently enacted education program (Chapter 33) bases its housing allowance on the rate paid to an E-5 in the DoD BAH for the locality in which the veteran student lives, the study team selected the BAH rate as the most appropriate. It would be difficult to promote an allowance for housing for service-connected disabled veterans participating in VR&E that would be less than the allowance provided for non service-connected veterans attending school.

Food

Consumer Expenditure Survey

CES publishes average expenditure information on food which includes both foods consumed at home and away from home by size of the consumer unit as shown in Table V-5. When comparing the expenditure amounts to USDA food plan estimates, the CES figures correspond most closely with the USDA moderate-cost plan. Additionally, the table indicates that the larger consumer units choose to spend, on average, a larger percentage of their total food expenditures on food consumed at home.

Table V-5. 2005 Consumer Expenditure Survey Results for Average Monthly Food Expenditures in May 2008 Dollars

	One Person	Two Persons	Three Persons	Four Persons	Five or more Persons
Food at home	\$159	\$307	\$369	\$445	\$542
Food away from home	\$138	\$262	\$290	\$338	\$314
Food Total	\$298	\$568	\$659	\$783	\$856

Source: U.S. Department of Labor, Bureau of Labor Statistics. (2007). *Consumer expenditures in 2005*. Retrieved June 6, 2008 from <http://www.bls.gov/cex/csxann05.pdf>

Descriptions of the food related categories presented in the table are given below.

- Food at home – refers to the expenditures for food at grocery stores (or other food stores) and food prepared on trips.⁵⁸
- Food away from home – includes all meals, snacks, and nonalcoholic beverages including tips, at fast food, take-out, delivery, concession stands, buffet and cafeteria, at full-service restaurants, and at vending machines and mobile vendors. Also included are board, special catered affairs, school lunches, and meals away from home on trips.

U.S. Department of Agriculture

USDA cost estimates for food for children, adult males, adult females, and families of two and four and by age ranges and four food plans (liberal, moderate-cost, low-cost, and thrifty).⁵⁹ USDA further breaks down these demographic categories by age range and gives cost estimates for each category for four food plans that are published monthly.⁶⁰ The liberal food, moderate-cost, and low-cost plans specify the types and quantities of foods that people could purchase and prepare at home to obtain a

⁵⁸ U.S. Department of Labor, Bureau of Labor Statistics. (2007). *Consumer Expenditure Survey glossary*. Retrieved June 2, 2008, from <http://www.bls.gov/cex/csxgloss.htm#expn>

⁵⁹ U.S. Department of Agriculture. Center for Nutrition Policy and Promotion. (2007). *The low-cost, moderate-cost, and liberal food plans: 2007 Administrative Report* (pp. ES-1-ES-2). Retrieved June 6, 2008, from <http://www.cnpp.usda.gov/Publications/FoodPlans/MiscPubs/FoodPlans2007AdminReport.pdf>

⁶⁰ U.S. Department of Agriculture. Center for Nutrition Policy and Promotion. (2008). *USDA food plans: Cost of food at home*. Retrieved June 6, 2008, from <http://www.cnpp.usda.gov/USDAFoodCost-Home.htm>

nutritious diet at three cost levels. The liberal food plan represents food expenditures in the top quartile of food spending, the moderate-cost plan at the second from the top quartile of food spending, and the low-cost food plan represents expenditures in the second from the bottom quartile of food spending. The thrifty food plan is the basis for maximum food stamp allotments and intends to provide a healthful meal plan that may be achieved with limited resources. Since 2007, plans include some prepared foods in cost calculations and continue the assumption of previous plans that all purchased food is consumed at home.

Table V-6. USDA 2008 Estimated Monthly Food Costs for Selected Household Age Groups

Household Age Group	Thrifty Plan	Low-cost Plan	Moderate-cost Plan	Liberal-cost Plan
Adult Male 19-50 years	\$163	\$209	\$260	\$316
Adult Female 19-50 years	\$146	\$182	\$222	\$287
Child 6-8 years	\$120	\$160	\$198	\$233
Child 9-11 years	\$140	\$181	\$231	\$271
Family of 2: Couple, 19-50 years	\$340	\$431	\$531	\$664
Family of 4: Couple 19-50 years and children, 6-8 and 9-11 years	\$576	\$745	\$926	\$1,126

Source: Official USDA Food Plans. Cost of Food at Home at Four Levels, U.S. Average. March 2008.

Suggested Food Allowance

The USDA moderate-cost plan seems more reasonable for veterans with disabilities and their families and the CES estimates correspond closely with the USDA moderate-cost plan. For program costing purposes, the USDA moderate-cost plan is used.

Table V-7. Comparison of Possible Food Allowance Rates

Food Allowance	One Person	Three Persons
CES National Average	\$298	\$659
USDA Moderate Plan	\$260	\$680

Source: U.S. Department of Labor, Bureau of Labor Statistics. (2007). Consumer expenditures in 2005. Retrieved June 6, 2008 from <http://www.bls.gov/cex/csxann05.pdf>; Official USDA Food Plans. Cost of Food at Home at Four Levels, U.S. Average. March 2008.

Transportation

CES also collects and publishes data on various components related to monthly transportation expenditures including information on vehicle purchases, gasoline, and public transportation for different consumer unit sizes. These costs are depicted in Table V-8.

Table V-8. 2005 Consumer Expenditure Survey Results for Average Monthly Transportation Expenditures in May 2008 Dollars

	One Person	Two Persons	Three Persons	Four Persons	Five or more Persons
Vehicle purchases (net outlay)	\$127	\$278	\$361	\$410	\$435
Gasoline and motor oil	\$170	\$324	\$388	\$451	\$466
Other vehicle expenses	\$131	\$251	\$279	\$312	\$306
Public transportation	\$35	\$58	\$51	\$50	\$54
Transportation Total	\$463	\$911	\$1,078	\$1,222	\$1,261

Source: U.S. Department of Labor, Bureau of Labor Statistics. (2007). *Consumer expenditures in 2005*. Retrieved June 6, 2008 from <http://www.bls.gov/cex/csxann05.pdf>

Descriptions of the transportation-related categories presented in the table include:

- Vehicle purchases (net outlay) – includes the purchase price (minus any trade-in value) on new and used cars, trucks, and other vehicles including motorcycles and private planes.
- Gasoline and motor oil – includes gasoline, diesel fuel, and motor oil.
- Other vehicle expenses include:
 - Vehicle finance charges – interest paid on a loan for the purchase of vehicles.
 - Maintenance and repair – items such as tires, batteries, filters, coolant, additives, brake and transmission fluids, brake work, front-end alignment, wheel balancing, steering repair, clutch and transmission repair, electrical system repair, exhaust system repair, body work and painting, motor repair, repair to cooling system, drive train repair, tire repair, audio equipment, and auto repair policies.
 - Vehicle insurance – the premium paid for insuring cars, trucks, and other vehicles.
- Public transportation – includes fares for mass transit, buses, trains, airlines, taxis, school buses, and boats for which a fee is charged.

CES also contains data that allows a comparison of expenditures in rural areas with expenditures in urban areas as shown in Table V-9.

Table V-9. 2005 Consumer Expenditure Survey Results for Monthly Transportation Expenditures for an Average Sized Consumer Unitⁱ in May 2008 Dollars: Urban and Rural Comparison

	All consumer units	Total Urban	Central City (Urban)	Other Urban	Rural
Vehicle purchases (net outlay)	\$279	\$280	\$223	\$308	\$264
Gasoline and motor oil	\$319	\$314	\$252	\$344	\$380
Other vehicle expenses	\$233	\$236	\$196	\$256	\$200
Public transportation	\$49	\$51	\$53	\$51	\$18
Transportation Total	\$880	\$882	\$724	\$959	\$862

Source: U.S. Department of Labor, Bureau of Labor Statistics. (2007). *Consumer expenditures in 2005*. Retrieved June 6, 2008 from <http://www.bls.gov/cex/csxann05.pdf>

ⁱ The average size of a consumer unit is 2.5 persons.

Summary of Core Expenses

The study team chose housing, food, and transportation as Core expense categories because they reflect living expenses faced on a daily basis by veterans and their families. The study team used these expense categories as a foundation for the proposed Core transition benefit amount that seeks to meet these very basic needs.

Table V-10. Summary of Core Expenses

Expense Type	One Person	Three Persons
Housing	\$1,175	\$1,390
Food	\$260	\$680
Transportation	\$463	\$911
Total Core	\$1,898	\$2,981

Source: U.S. Department of Housing and Urban Development Fair Market Rent Final FY 2008 Documentation System; Official USDA Food Plans. *Cost of Food at Home at Four Levels, U.S. Average. March 2008*; U.S. Department of Labor, U.S. Bureau of Labor Statistics. (2007). *Consumer expenditures in 2005*. Retrieved June 6, 2008 from <http://www.bls.gov/cex/csxann05.pdf>

Menu Item Expenses

In addition to these Core expense categories, VA may want to expand the transition benefit to include some optional menu item categories such as apparel and services, health care (for dependents of veterans with disabilities not rated 100%), personal care

products and services, entertainment, household operations, and housekeeping supplies.⁶¹

Table V-11 presents average monthly expenditure data for each of these categories of expenditure by size of consumer unit. CES data for some expenditure amounts in entertainment, personal care products and services, and health care categories are marked with asterisks. CES reports that these expenditure amounts decrease for some of the larger consumer units.

Table V-11. 2005 Consumer Expenditure Survey Results for Average Monthly Expenditures for Additional Categories in May 2008 Dollars

	One Person	Two Persons	Three Persons	Four Persons	Five or more Persons
Apparel and services	\$81	\$161	\$199	\$232	\$239
Entertainment	\$126	\$221	\$221	\$277	\$254*
Personal care products/services	\$32	\$55	\$63	\$67	\$66*
Household operations	\$33	\$46	\$51	\$59	\$64
Housekeeping supplies	\$70	\$121	\$136	\$143	\$157
Health care	\$168	\$336	\$264*	\$260*	\$232*
Total "Menu Items"	\$511	\$940	\$935	\$1,040	\$1,013

Source: U.S. Department of Labor, Bureau of Labor Statistics, *Consumer expenditures in 2005*.

As Needed Items and Additional Living Expenses Due to Disability

Child Care

The U.S. Census Bureau collects information about the average cost of child care and child care arrangements in the Survey of Income and Program Participation.⁶² The Census Bureau reports that relatives regularly provide child care to almost one-half of the more than 19 million preschoolers. Families with an employed mother and children younger than 15 paid an average of \$107 per week for child care in 2005 (inflated to a May 2008 dollar amount of \$118 using the Consumer Price Index values for childcare).

Caregiver

Over three-quarters (78 percent) of adults in the United States who are in need of long-term care depend on family and friends as their only source of help. Family caregivers provide the overwhelming majority (approximately 80 percent) of long-term care

⁶¹ Complete definitions of the "menu items" can be retrieved from <http://www.bls.gov/cex/csxgloss.htm#expn>

⁶² U.S. Census Bureau, Housing and Household Economic Statistics Division. (2008). *Who's minding the kids? Child care arrangements*. Retrieved July 4, 2008, from <http://www.census.gov/Press-Release/www/releases/archives/children/011574.html>

services in the U.S.⁶³ The reliance on family support becomes especially significant in rural areas that are generally considered to have fewer financial opportunities, limited public transportation services, and inadequate health and social services. According to U.S. Senators Salazar⁶⁴ and Thune,⁶⁵ almost one-quarter of all veterans live in rural areas; thus, when it comes to caregiving resources, these veterans are in a less advantageous position because there are fewer available or almost nonexistent options of care at their rural residences.⁶⁶

The estimated value of family caregiving services provided “free” is \$306 billion, which is twice as much as is spent on homecare and nursing home services combined (\$158 billion).⁶⁷ Individuals with heavy caregiving responsibilities often experience a great impact on their ability to work. A major study by The National Alliance for Caregiving and AARP revealed that, in order to cope with caregiving responsibilities, some working caregivers reported having to take a leave of absence (17 percent), shift from full-time to part-time work (10 percent), quit paid employment entirely (6 percent), lose job benefits (5 percent), turn down a promotion (4 percent), or choose early retirement (3 percent).⁶⁸ Over the course of a caregiving “career,” a family caregiver who provides intense personal care can lose as much as \$659,000 in wages, pensions, and Social Security.⁶⁹ In addition to lost income and benefits, family caregivers can experience a burden of extra transportation costs and added childcare expenses. The cumulative effect of the above mentioned financial changes often leads to economic hardships. Anecdotal evidence reveals that many family caregivers turn to charitable organizations or government agencies for assistance with utility bills, car payments, rent/mortgage payments, and so on.

The intensity of the caregiving experience varies in terms of the amount of time spent giving care and the kinds of care provided. According to a survey conducted by the National Alliance for Caregiving and AARP, more than one-half of caregivers visit their recipient at least once a week, and a majority of all caregivers perform three or more Instrumental Activities of Daily Living (IADLs), which include activities such as transportation—either by driving the care recipient or helping to get transportation—(82 percent), grocery shopping (75 percent), housework (69 percent), managing finances

⁶³ Thompson, L. (2004). *Long-term care: Support for family caregivers* [Issue Brief]. Washington, DC: Georgetown University. Agency for Healthcare Research and Quality. (2000, November 8). *Long-term care financing project: Long-term care users range in age and most do not live in nursing homes*. Retrieved July 17, 2008, from http://www.nfcares.org/who_are_family_caregivers/care_giving_statistics.cfm

⁶⁴ The Senator represents the state of Colorado.

⁶⁵ The Senator represents the state of South Dakota.

⁶⁶ Easter Seals Disability Services. (2006). *Caregiving in Rural America 2006*. p. 10 Retrieved June 11, 2008, from http://www.easterseals.com/site/DocServer/Caregiving_in_Rural-compressed.pdf?docID=50643

⁶⁷ National Family Caregivers Association. (2002). *Caregiving statistics: Statistics on family caregivers and family caregiving*. Retrieved July 05, 2008, from http://www.nfcares.org/who_are_family_caregivers/care_giving_statistics.cfm

⁶⁸ National Alliance for Caregiving and American Association for Retired Persons. (2004). *Caregiving in the U.S.*, pp. 64. Retrieved June 19, 2008, from <http://www.caregiving.org/data/04finalreport.pdf>

⁶⁹ MetLife Mature Market Institute and Pfizer Inc. (2001). *Toward a national caregiving agenda: Empowering family caregivers in America*, p. 4. Retrieved July 08, 2008, from <http://www.caregiving.org/data/summit.pdf>

(64 percent), preparing meals (59 percent), giving medicines (41 percent), and arranging services (30 percent).⁷⁰

Almost one-half (48 percent) of all caregivers report spending more than eight hours per week providing care, almost one in four (23 percent) spend 9 to 20 hours per week, and a minority (8 percent) spends 21 to 39 hours per week. Approximately one in five (17 percent) caregivers report providing 40 or more hours.⁷¹ The Veterans' Disability Benefits Commission (VDBC) Survivors' Survey indicates that 57 percent of respondents said that they provided caregiving services prior to the veteran's death. Of those who provided care, 44.5 percent said that they provided spousal care for 20 or more hours per week for their spouse's service-connected disability.

Combining the information from the previous paragraph with limited literature findings, the study team estimated caregiver costs at four levels of care (Low, Medium, High, and Very High) assigning weekly hourly amounts of 8 for the Low Level, 20 for the Medium Level, 40 hours for the High Level, and all day and night, 7 days a week (24/7) for the Very High Level of care. The study team also assumed an hourly wage for the caregiver of \$15 which is the BLS 2007 average estimate of all occupations in home health care services category.⁷² This results in monthly dollar amounts of \$520 for the Low Level, \$1,300 for the Medium Level, \$2,400 for the High Level of care, and \$10,800 for the Very High Level. These increasing levels of care can be viewed as similar in concept to the difference in benefit levels for special monthly compensation (SMC) (S, L, R.1, and R.2). SMC (S) is for veterans who are housebound and need limited assistance. SMC (L) is for veterans requiring more care than that needed for housebound. (R.1) and (R.2) are for veterans catastrophically disabled needing even higher levels of care.

Additional Costs Due to Disability

Depending on the nature of a veteran's disability, his/her day-to-day needs can increase, resulting in additional living expenses related to his/her disability. In an Australian study that examined the link between disabilities and the risk of poverty, Saunders noted that the presence of additional living costs for disabled individuals has been widely acknowledged. Saunders also indicated a lack of research into the magnitude of the costs.⁷³ Furthermore, Saunders reviewed several methods for estimating the additional living costs associated with disabilities and the limitations of each including the following approaches:

⁷⁰ The participants of the survey were asked if they provided help with any of the activities listed above. *Source*: National Alliance for Caregiving and American Association for Retired Persons. (2004). *Caregiving in the U.S.*, p. 44. Retrieved June 19, 2008, from <http://www.caregiving.org/data/04finalreport.pdf>

⁷¹ *Ibid*, p. 44.

⁷² U.S. Department of Labor, Bureau of Labor Statistics. (2008). *May 2007 National industry-specific occupational employment and wage estimates: NAICS 621600 - home health care services*. Retrieved July 04, 2008, from http://www.bls.gov/oes/current/naics4_621600.htm

⁷³ CPS weekly earnings estimates of respondents with some college or associate degree level of education are available only for 25 and over age group. *Source*: U.S. Department of Labor, Bureau of Labor Statistics. (2008). *Weekly and hourly earnings data from the Current Population Survey* [dataset]. Retrieved July 10, 2008, from <http://data.bls.gov/PDQ/outside.jsp?survey=le>

- **Subjective** – Asks disabled individuals to identify items and related expenses they face because of their condition. This approach suffers from the difficulty of estimating what costs would be in the absence of disability as well as differences in preferences, priorities, and the ability to budget resources.
- **Comparative** – Compares spending patterns of a sample of disabled individuals with the spending of a similar group who are not disabled. Issues include determining whether the observed differences in spending patterns reflect differences in the needs of the household, resources available, or the ability to budget those resources to adequately meet needs.
- **Standard of living** – Analyzes non-income information to determine a standard of living, then relates the standard to income, disability status, and a range of other variables. Estimates the necessary income to elevate individuals with a disability to the same standard of living as individuals without a disability. Main limitation is dependence on methods for measuring the standard of living.
- **Budget standards** – Entails developing detailed budgets for households with a disabled individual and those without. Uses the differences to indicate extra costs associated with the disability. Restricted by ability to capture requirements of different households to achieve a specific standard of living. Additionally, budgets developed for very precise disability definitions will also have narrow applicability.

Ireland's National Disability Authority (NDA) commissioned a study with Indecon International, Inc. (Indecon) to research the additional spending needs of people with disabilities.⁷⁴ One of the main tasks of the study was to administer a survey to individuals with different disabilities including individuals with spinal injuries and vision impairment.⁷⁵

The survey asked individuals to identify the area under which they incurred extra cost because of disability and to estimate how much extra they spent under each area. The study concluded that the amounts of the estimated cost figures emerging from the survey were statistically unreliable. However, the survey results as well as information from a related Forum of People with Disabilities did identify areas where extra costs are being incurred including the following non-medical areas:

- Mobility and communications
 - Additional taxi fares
 - Adapted car
 - Larger car
 - Fares to hospital
 - Additional telephone bills

⁷⁴ Indecon International Inc., National Disability Authority. (2004). *The cost of disability*, p. 96. Retrieved May 11, 2008, from [http://www.nda.ie/cntmgmtnew.nsf/0/EF734FD9D0C04B3880256E690055CFFB/\\$File/DisabilityCost.pdf](http://www.nda.ie/cntmgmtnew.nsf/0/EF734FD9D0C04B3880256E690055CFFB/$File/DisabilityCost.pdf)

⁷⁵ 248 questionnaires were returned out of 1,400 sent out.

- Daily living costs
 - Food for special diets or allergies
 - Additional food costs
 - Extra heating
 - Electricity
 - Extra housing maintenance
 - Extra laundry costs
 - Holidays
 - Clothing wearing out more quickly
 - Extra costs of home insurance
 - Extra costs of life insurance/mortgage protection
- Care and assistance
 - Costs of general home help
 - Home help with cleaning, washing, and cooking
 - Gardening and house maintenance costs
 - Speech therapy
 - Nursing home costs
 - Respite costs
 - Residential care costs

For each of the disability categories established for the survey, Indecon attempted to estimate additional costs for each area because of the disability. The estimates of additional cost were based on international research, discussions with disability organizations, and the estimation of specific cost items.

A United Kingdom study undertaken by the Joseph Rowntree Foundation used a budget standards approach to estimate additional expenses for disabled people living in different circumstances and with different impairments.⁷⁶ The study team chose to focus on “needs” as opposed to “expenditures” recognizing that there would be instances where actual expenditures are low, but the needs of the disabled person were not being met. In order to determine the additional expenses, weekly budgets were prepared for a non-disabled, one-person, non-retired household as well as budgets for disabled individuals having needs that would place them in one of the following groups:

- Low to medium support and/or mobility needs
- Medium to high support and/or mobility needs
- Needs that are intermittent or fluctuate over time from relatively negligible needs to medium or high support and/or mobility needs
- Needs arising from visual impairments

⁷⁶ The Joseph Rowntree Foundation, University of Loughborough.(2004). *Disabled people's costs of living*, pp. 9-21. Retrieved May 11, 2008, from <http://www.jrf.org.uk/bookshop/eBooks/1859352375.pdf>

- Needs arising from hearing impairments

Each of the budgets contained costs summarized in the following three areas:

- **Capital Costs** - Weekly amounts required to replace items such as furniture and other equipment including items required to meet disability-related needs.
- **Weekly Spending** - Includes everyday expenditures in the following categories:
 - Food
 - Clothing and footwear
 - Housing, fuel, and power (including net rent and maintenance)
 - Household goods and services
 - Transport (excluding motor insurance)
 - Communication
 - Recreation, culture, restaurants, hotels, and education
 - Health
 - Miscellaneous goods and services (includes personal care and insurances; excludes personal assistance costs)
 - Other expenditure items (including tax, gifts, and so on)
- **Personal Assistance Costs** - Amounts for the level of outside assistance projected for each group in order to maintain their independence.

Compared to the estimated weekly spending amounts for a non-disabled individual, those in the groups with disabilities saw weekly spending increase by 34 percent for those in the low to medium support group, 42 percent for intermittent needs, 46 percent for visual impairments, 47 percent in the hearing impairments group, and 107 percent increase for those in the medium to high support group.⁷⁷

⁷⁷ Ibid, p. 71.

VI. DESCRIPTION OF VR&E POPULATION

The previous chapter analyzed possible monthly benefits for a new transition benefit program. In addition, the number of individuals eligible for Vocational Rehabilitation and Employment (VR&E) benefits, the flow of participants into VR&E, the duration of time spent in VR&E, and personal attributes of participants are all components requiring consideration in order to design and identify costs of a new transition benefit program.

Key sources for the data are CWINRS and Compensation & Pension (C&P) Master Record. CWINRS is a case management and information system created in 2001 for VA's VR&E Program, which contributes to sharing of information nationwide. According to the Office of Management and Budget (OMB), "...the reliability (consistency within the database) and performance (availability of the system to users in the field and at Central Office) of the CWINRS database is 93 and 99 percent, respectively."⁷⁸ CWINRS contains records for all VR&E applicants from 2001 and later and those active in the program as of September 2001. Thus, inactive applicants or participants who completed their programs prior to September 2001 are not in CWINRS. The exception would be anyone who had applied prior to September 2001, was inactive as of that date, and subsequently became active again.

The study team's analysis of CWINRS data was conducted to understand the characteristics of the population of VR&E participants and estimate the amount and number of the potential transition benefit payment. The analysis was not conducted to evaluate the VR&E program. VR&E statistics on all applicants from 1996 through April 30, 2008, are compared in Table VI-1 with the records contained in CWINRS.

Table VI-1. Comparison of VR&E Data with CWINRS Data

	VR&E Statistics	CWINRS Records	Difference
	1996 - Apr 30, 2008		
Applicants	726,463	522,492	203,971
Entitled	380,123	277,288	102,835
Rehabilitation Plans	287,762	213,288	74,474
Rehabilitated	117,666	85,706	31,960
Rehabilitation Rate (Rehabilitated/Entitled)	0.409	0.402	
IL Participants	27,857	22,148	5,709

Source: CWINRS April 2008 data extract and VR&E Program Officials.

Rehabilitation rates are defined by the study team as the percentage of veterans rehabilitated divided by the number with rehabilitation plans. This definition differs

⁷⁸ Expectmore.gov. (2008). *Detailed information on the Vocational Rehabilitation and Employment Program assessment*. Retrieved July 2, 2008, from <http://www.whitehouse.gov/expectmore/detail/10003220.2006.html>

from the definition normally used by VA. We use rehabilitation rates along with other statistics to explore the variance in rates among various demographic groups of participants. The demographic characteristics used are: gender, age, Independent Living, number of dependents, education level, GWOT status, Branch of Service, military pay grade, serious employment handicap, CDD, and the five most frequent diagnoses contained in the September 30, 2007 C&P Master File. This rehabilitation rate does not consider participants who are still active in the program and may ultimately be successfully rehabilitated. Thus, the final rehabilitation rate will be somewhat higher than depicted.

The study team was provided with the following types of VR&E data kept in CWINRS:

- Demographics – Basic demographic information (such as gender, date of birth, and geographic location) as well as specific dates associated with major points in the vocational rehabilitation (VR) process.
- Diagnostics – Information on diagnoses, disability ratings associated with each diagnosis, and whether a diagnosis is service-connected or not.
- Military – Information on length and number of tours, reasons for separation, and pay grades at the time of separation.
- Case status history – Tracking of progress at a high level through the vocational rehabilitation process including status, begin/end of status, and reason codes for leaving status.
- Rehabilitation plan – Information on the type of rehabilitation services the participant is receiving.
- Payment summary – Information on payments made for expenses that were necessary to the participant during vocational rehabilitation.
- Placement – Information on date and type of placement, and post rehabilitation salary amount.

The CWINRS data set provided to the study team included 522,492 records of veterans who submitted applications for VR&E. It should be noted that some veterans may chose not to pursue their applications and other veterans are determined not to be eligible or entitled. But of all who filed an initial application, 277,288 (53 percent) were subsequently found eligible/entitled for the program.

In addition, we were provided with information pertaining to VA disability compensation recipients from the C&P Master Records. CWINRS data have some limitations, and the study team made use of C&P Master Record data to supplement the CWINRS data on several levels. First, there is missing information in CWINRS for some individuals with respect to their disability rating, primary diagnosis, and length of military service. C&P Master Record data includes this information and was referenced for populating these fields in cases where they were missing in CWINRS. Another reason to look to C&P Master Record data pertains to a characteristic in the design of the

CWINRS system such that it only updates certain fields when the VR&E counselor accesses and refreshes the data for the individual record. This data refresh is not necessary for the counselor to do his/her day-to-day job and may not occur each and every time an individual's case file is accessed. Furthermore, before CWINRS was implemented in 2001, the individual VR&E offices had systems that were not linked at the national level, and as a result were unable to update a central data source to keep track of individuals in VR&E.

The study team used C&P Master Record data to update cases with more recent information which may not be reflected in CWINRS. When possible, the study team merged the following C&P information with CWINRS data to improve the overall quality of the data analyzed:

- Demographics – Basic demographic information (such as gender, date of birth, and dependents).
- Diagnostics – Information on diagnoses, disability ratings associated with each diagnosis, and whether a diagnosis is service-connected or not.
- Military – Information on dates of service and branch of service.
- Compensation – Information on the type and amount of compensation received.

The C&P information allowed us primarily to augment VA payment information with disability compensation benefit amounts not tracked in CWINRS and, to a less frequent extent, to bring in information on diagnostic, demographic, and military information that is sometimes missing or not current in CWINRS.

Demographic Statistics

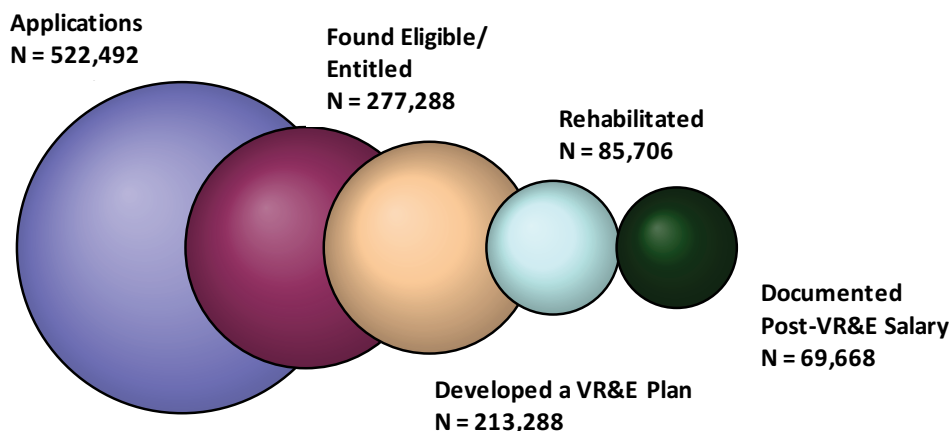
Table VI-2 and Table VI-3 provide a series of descriptive statistics pertaining to individuals in CWINRS. When appropriate, the tables further break down those in CWINRS into subgroups that allow the reader to see if a subgroup has different statistics than other groups in CWINRS. The groups reported (where possible and appropriate):

- Applied and Found Eligible/Entitled to VR&E – Individuals who the study team calls eligible/entitled are a subset of the applicant group. These individuals have not only applied but also met with a VR counselor who then recorded the date that they were deemed entitled to VR&E services. The documentation of this date is what the study team used to identify an applicant as eligible/entitled to VR&E services. The study team has been made aware that there are instances, particularly in the pre-2001 data, where a VR counselor may not have had a requirement to input this data. Therefore, the total eligible/entitled numbers could be understating the total number.
- Developed a VR&E Plan – Individuals who had a plan are those that had been found to be eligible/entitled to VR&E and who decided to proceed with the program. They were identified by their presence on the plan history data set the study team received.

- **Rehabilitated** – Represents individuals in CWINRS whose most recent status code indicated successful rehabilitation. The study team has been made aware of early instances of successful rehabilitation that may not have been recorded in the CWINRS system.
- **Rehabilitation Rate** – This rate represents the percentage of individuals who developed a plan and were rehabilitated.
- **Documented Post VR&E Salary** – Individuals who were rehabilitated and whose VR counselor had entered information in CWINRS confirming that they were employed and earning a salary.
- **Individualized Independent Living Plans (IILP)** – Individuals noted in CWINRS as being in an Independent Living track. All have VR&E plans.
- **Rehabilitated from an IILP** – Individuals in the Independent Living track whose most recent status code indicated successful rehabilitation. The study team has been made aware of early instances of successful rehabilitation that may not have been recorded in the CWINRS system.
- **Rehabilitation Rate (Independent Living)** – This rate represents the percentage of individuals who were in the Independent Living Track and whose status code indicated rehabilitated.

In Figure VI-1 we provide a visual display of some VR&E statistics: number of applicants, number of applicants found eligible/entitled, number of individuals who had a VR&E plan, number of individuals rehabilitated, and number of individuals who documented a post-VR&E salary.

Figure VI-1. Overall VR&E Statistics



Source: CWINRS April 2008 data extract.

As noted previously, CWINRS has missing data fields for individuals. The number of individuals with missing data is shown in Table VI-2, Table VI-4, and Table VI-5; however, missing values were not used when calculating the percentages of each presented subgroup in CWINRS. Furthermore, with respect to date of application, the CWINRS data analyzed in Table VI-6 and Table VI-7 has the following breakdown by time period:

- 74 percent of individuals have application dates in 2001 or later
- 90 percent of individuals have application dates in 1999 or later
- 99 percent of individuals have application dates in 1996 or later
- Approximately 300 individuals with application dates from the 1980s
- Approximately 50 claims with application dates that pre-date 1950 which the study team believes are valid aside from the mistyped application date

Additionally, the CWINRS data extract was completed in April 2008 and this results in the partial year numbers in 2008 being lower than for previous years. Post-VR&E salary is not a factor in veterans in IL.

As expected, Table VI-2 shows that males outnumbered females in all population groups, and this was especially true for the Independent Living population. However, the percentage of females increased slightly from the observed 20 percent of the total number of individuals who developed plans to 21 percent of those who were rehabilitated. Rehabilitation rates (rehabilitated in comparison with those with plans) varied little by gender and ranged from 39 percent for individuals with missing gender information to 42 percent for females with males having a 40 percent rate. Rehabilitation rates for Independent Living (IL) were much higher and ranged from 70 percent for females to 76 percent for individuals with missing gender information. Overall rehabilitation rates were 40 percent for individuals not in Independent Living and 74 percent for those in IL.

Table VI-2. Gender, Rehabilitation Rate, and Post-VR&E Salary Rate

Gender	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
Male	224,105	82%	169,340	80%	67,101	79%	40%
Female	50,054	18%	42,358	20%	17,725	21%	42%
Missing	3,129		2,284		880		39%
Total	277,288		213,982		85,706		40%

Gender	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
Male	54,269	79%	19,513	91%	14,432	92%	74%
Female	14,794	21%	1,855	9%	1,297	8%	70%
Missing	605		780		590		76%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

CWINRS data in Table VI-3 shows that individuals under 25 years of age had the lowest rehabilitation rate at 31 percent (number rehabilitated divided by the number with VR&E plans). Older groups and individuals 65 years of age and older had the highest rehabilitation rate at 49 percent. The Independent Living population was approximately 10 years older on average than the CWINRS population as a whole; their rate ranged from 57 percent to 77 percent. Again, the individuals in the under 25 years of age group had the lowest rate at 57 percent and individuals over 65 had the highest rate at 77 percent. Aside from the youngest and oldest age groups, the rates varied little from 40 to 42 percent.

Table VI-3. Age, Rehabilitation Rate, and Post-VR&E Salary Rate

Age at Application	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
< 25	20,970	8%	16,682	8%	5,094	7%	31%
25-34	73,598	27%	62,011	29%	24,603	35%	40%
35-49	125,109	45%	100,391	47%	41,688	60%	42%
50-65	53,792	19%	33,552	16%	13,668	20%	41%
> 65	3,819	1%	1,346	1%	653	1%	49%
Total	277,288		213,982		85,706		40%

Age at Application	Documented Post VR&E Salary		In an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
< 25	4,469	6%	224	1%	127	1%	57%
25-34	21,088	30%	1,232	6%	785	5%	64%
35-49	34,345	49%	5,346	24%	3,838	24%	72%
50-65	9,501	14%	12,504	56%	9,384	58%	75%
> 65	265	0%	2,842	13%	2,185	13%	77%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

As shown in Table VI-4, the number of dependents did not appear to be correlated with higher or lower rehabilitation rates. Veterans in IL tended to have dependents more often than veterans in other VR&E tracks.

Table VI-4. Number of Dependents, Rehabilitation Rate, and Post-VR&E Salary Rate

Dependents	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
0	124,725	47%	90,405	44%	36,514	43%	40%
1	54,951	21%	42,970	21%	17,865	21%	42%
2	34,757	13%	29,710	14%	12,526	15%	42%
3	29,791	11%	26,051	13%	11,208	13%	43%
4+	19,657	7%	17,802	9%	7,146	8%	40%
Missing	13,407		7,044		447		6%
Total	277,288		213,982		85,706		40%

Dependents	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
0	29,380	42%	7,086	32%	5,117	32%	72%
1	14,068	20%	9,986	46%	7,518	46%	75%
2	10,390	15%	2,505	11%	1,896	12%	76%
3	9,443	14%	1,434	7%	1,053	6%	73%
4+	6,009	9%	909	4%	656	4%	72%
Missing	378		228		79		35%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

For individuals where education level was noted in CWINRS, the number of years of education an individual had prior to entering VR&E did not appear to be correlated with VR&E success. One-third of the records of veterans eligible/entitled contained no education information. As shown in Table VI-5, the majority of each group had only a high school degree before applying for VR&E. The rehabilitation rate was much lower at 27 percent for individuals with less than 12 years of school although they comprised only one percent of eligible/entitled applicants. Other age groups' rehabilitation rates ranged from 40 to 47 percent with individuals having 16 years of education having the highest rate. The rehabilitation rates for individuals in IL were much higher but varied from 70 to 75 percent. Interestingly, individuals in IL with less than 12 years of education had the highest rehabilitation rate.

Table VI-5. Education Level, Rehabilitation Rate, and Post-VR&E Salary Rate

Education Level (years)	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
<12	2,232	1%	1,672	1%	455	1%	27%
12	97,670	52%	89,431	53%	37,084	53%	41%
13	25,821	14%	23,710	14%	9,570	14%	40%
14	31,749	17%	28,257	17%	11,821	17%	42%
15	7,916	4%	6,818	4%	2,857	4%	42%
16	15,013	8%	11,668	7%	5,500	8%	47%
>16	7,345	4%	5,650	3%	2,499	4%	44%
Missing	89,542		46,776		15,920		34%
Total	277,288		213,982		85,706		40%

Education Level (years)	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
< 12	319	1%	560	4%	419	4%	75%
12	29,965	52%	7,517	52%	5,464	52%	73%
13	8,004	14%	1,534	11%	1,102	10%	72%
14	10,009	17%	2,320	16%	1,675	16%	72%
15	2,333	4%	562	4%	418	4%	74%
16	4,620	8%	1,326	9%	923	9%	70%
>16	2,121	4%	705	5%	496	5%	70%
Missing	12,297		7,624		5,822		76%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

Military Statistics

In order to understand the military background of veterans in CWINRS found eligible/entitled or with a rehabilitation plan, the study team analyzed the branch of service, pay grade upon discharge, and veterans with a Global War on Terror (GWOT) code.

Table VI-6 presents individuals with a GWOT code. This group made up only 10 percent of the individuals in CWINRS who had been found eligible/entitled and only 8 percent of those with plans. Overwhelmingly, the GWOT group was still on active duty when they applied. Only a small number of GWOT participants have been rehabilitated. However, this does not reflect a high failure rate among this group, but instead reflects that many of these participants are still in the program and have yet to complete their rehabilitation program.

Table VI-6. Global War on Terror (GWOT) Rehabilitation Rate and Post-VR&E Salary Rate

GWOT Code	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
All GWOT	29,711	10%	17,451	8%	1,824	2%	10%
Active Duty/DoD	19,708	6%	11,527	5%	1,069	1%	9%
Guard/Reserve/DoD	7,193	2%	4,488	2%	669	1%	15%
Active Duty/Veteran	2,622	1%	1,337	1%	74	0%	6%
Guard/Reserve/Veteran	188	0%	99	0%	12	0%	12%
Non -GWOT Designation	247,588	81%	179,080	84%	83,882	96%	47%
Total	277,288		213,982		85,706		40%

GWOT Code	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
All GWOT	1,689	2%	299	2.00%	105	1%	35%
Active Duty/DoD	1,023	1%	152	1%	45	0%	30%
Guard/Reserve/DoD	590	1%	124	1%	49	0%	40%
Active Duty/Veteran	65	0%	21	0%	9	0%	43%
Guard/Reserve/Veteran	11	0%	2	0.01%	2	0%	100%
Non -GWOT Designation	67,979	98%	21,849	99%	16,214	99%	74%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

Service branch is indicated in Table VI-7. Rehabilitation rates among service branches ranged from a high of 46 percent for Navy veterans to an identical 37 percent for the Army and Marine Corps veterans. Rehabilitation rates for IL were more closely grouped with a range from 70 to 76 percent, with Marine Corps veterans having the highest rates.

Table VI-7. Service Branch Rehabilitation Rate and Post-VR&E Salary Rate

Service Branch	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
Air Force	45,591	19%	35,402	18%	15,936	20%	45%
Army	122,428	50%	101,059	50%	36,972	46%	37%
Coast Guard	2,279	1%	1,924	1%	1,039	1%	54%
Marine Corps	30,259	12%	23,576	12%	8,761	11%	37%
Navy	44,468	18%	39,429	20%	18,087	22%	46%
Other Designation	32,263		12,592		4,911		39%
Total	277,288		213,982		857,06		40%

Service Branch	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
Air Force	13,178	20%	2,856	13%	2,099	13%	73%
Army	29,626	45%	12,007	56%	8,808	55%	73%
Coast Guard	863	1%	188	1%	131	1%	70%
Marine Corps	7,048	11%	3,241	15%	2,451	15%	76%
Navy	15,152	23%	3,304	15%	2,395	15%	72%
Other Designation	3,801		3,408		2,534		74%
Total	69,668		22148		16319		74%

Source: CWINRS April 2008 data extract.

As shown in Table VI-8 the largest group of VR&E applicants was released from active duty with the pay grade of E-4, and VR&E eligible/entitled applicants were predominantly at pay grades E-3 through E-7. Military rank was missing for 24 percent of veterans found eligible/entitled for VR&E. Of those with rank available who developed a plan, 3.5 percent were commissioned or warrant officers and 96.5 percent were enlisted. Of those rehabilitated, 94.8 percent were enlisted. Commissioned and warrant officers had a much higher rehabilitation rate of 52 percent compared to 35 percent for enlisted. The variance was not nearly as great for IL with commissioned and warrant officers at 75.5 percent and enlisted at 72 percent. Veterans with a higher rank at discharge tended to have a higher rate of rehabilitation than those with a lower rank, both officers and enlisted.

Table VI-8. Pay Grade Upon Release from Active Duty, Rehabilitation Rate, and Post-VR&E Salary Rate

Pay Grade	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
E-1	8,378	4%	6,819	4%	1,523	3%	22%
E-2	10,363	5%	8,408	5%	2,065	4%	25%
E-3	24,755	12%	19,663	12%	5,562	10%	28%
E-4	58,835	28%	45,427	28%	15,074	26%	33%
E-5	38,711	18%	29,409	18%	10,698	19%	36%
E-6	26,697	13%	20,458	13%	8,085	14%	40%
E-7	23,841	11%	17,833	11%	7,700	13%	43%
E-8	7,785	4%	5,768	4%	2,700	5%	47%
E-9	2,673	1%	1,825	1%	945	2%	52%
O-1	303	0%	204	0%	86	0%	42%
O-2	928	0%	591	0%	255	0%	43%
O-3	2,629	1%	1,697	1%	867	2%	51%
O-4	1,647	1%	1,054	1%	577	1%	55%
O-5	1,168	1%	650	0%	391	1%	60%
O-6	464	0%	228	0%	128	0%	56%
O-7	3	0%	3	0%	1	0%	33%
O-8	2	0%	0	0%	0	0%	0%
O-9	3	0%	0	0%	0	0%	0%
W-1	46	0%	29	0%	15	0%	52%
W-2	550	0%	418	0%	208	0%	50%
W-3	642	0%	479	0%	260	0%	54%
W-4	397	0%	271	0%	153	0%	56%
W-5	49	0%	23	0%	13	0%	57%
Unidentifiable	66,419		52,725		28,400		54%
Total	277,288		213,982		85,706		40%

Source: CWINRS April 2008 data extract.

Table VI-8. Pay Grade Upon Release from Active Duty, Rehabilitation Rate, and Post-VR&E Salary Rate (continued)

Pay Grade	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
E-1	1,204	3%	705	5%	490	4%	70%
E-2	1,626	3%	972	6%	672	6%	69%
E-3	4,398	9%	2,075	14%	1,481	13%	71%
E-4	12,307	26%	4,283	28%	3,042	27%	71%
E-5	8,715	18%	3,135	20%	2,302	21%	73%
E-6	6,858	15%	1,627	11%	1,198	11%	74%
E-7	6,534	14%	1,256	8%	923	8%	73%
E-8	2,312	5%	433	3%	319	3%	74%
E-9	792	2%	182	1%	133	1%	73%
O-1	66	0%	23	0%	15	0%	65%
O-2	195	0%	101	1%	76	1%	75%
O-3	708	2%	193	1%	143	1%	74%
O-4	482	1%	123	1%	100	1%	81%
O-5	325	1%	88	1%	60	1%	68%
O-6	111	0%	30	0%	25	0%	83%
O-7	1	0%	0	0%	0	0%	0%
O-8	0	0%	1	0%	1	0%	100%
O-9	0	0%	0	0%	0	0%	0%
W-1	14	0%	6	0%	5	0%	83%
W-2	164	0%	48	0%	32	0%	67%
W-3	216	0%	34	0%	27	0%	79%
W-4	120	0%	26	0%	24	0%	92%
W-5	12	0%	1	0%	1	0%	100%
Unidentifiable	22,508		6,806		5,250		77%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

Disability Statistics

Those individuals deemed to have a Serious Employment Handicap (SEH) were less likely to successfully complete a traditional VR&E track than individuals without a SEH as shown in Table VI-9. The exception was individuals participating in the Independent Living plans. Veterans in the employment services do not receive subsistence allowance.

Table VI-9. Serious Employment Handicap Rehabilitation Rate and Post-VR&E Salary Rate

Serious Employment Handicap	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
No	148,102	56%	106,235	51%	52,497	63%	49%
Yes	118,056	44%	100,150	49%	31,057	37%	31%
Missing	11,130		7,597		2,152		28%
Total	277,288		213,982		85,706		40%

Serious Employment Handicap	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
No	43,477	64%	451	2%	308	2%	68%
Yes	24,860	36%	21,241	98%	15,678	98%	74%
Missing	1,331		456		333		73%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

In looking at the service-connected disabilities of veterans, Table VI-10 shows that of those eligible/entitled for VR&E, 51 percent had combined degree of disability (CDD) ratings of less than 50%; 22 percent were rated at 50% or 60%; and 27 percent were rated at 70% to 100%. We found 403 individuals with CDD of 0% and they had the highest rehabilitation rate at 52 percent. Generally, the rehabilitation rate decreased as CDD level increased.

Table VI-10. Combined Degree of Disability Rehabilitation Rate and Post-VR&E Salary Rate

Combined Degree Disability	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
0%	403	0%	294	0%	152	0%	52%
10%	15,246	6%	7,721	4%	2,782	3%	36%
20%	39,228	14%	31,368	15%	14,549	17%	46%
30%	43,846	16%	34,861	16%	15,633	18%	45%
40%	42,035	15%	33,689	16%	14,345	17%	43%
50%	28,659	11%	23,126	11%	9,347	11%	40%
60%	31,072	11%	25,016	12%	9,558	11%	38%
70%	25,450	9%	19,784	9%	6,850	8%	35%
80%	18,467	7%	14,669	7%	4,810	6%	33%
90%	9,493	4%	7,531	4%	2,568	3%	34%
100%	20,315	7%	14,984	7%	4,954	6%	33%
Missing	3,074		939		158		17%
Total	277,288		213,982		85,706		40%

Combined Degree Disability	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
0%	116	0%	4	0%	3	0%	75%
10%	2,168	3%	89	0%	47	0%	53%
20%	12,222	18%	400	2%	250	2%	63%
30%	13,145	19%	566	3%	372	2%	66%
40%	12,096	17%	636	3%	390	2%	61%
50%	7,966	12%	672	3%	432	3%	64%
60%	7,971	12%	1,493	7%	1,077	7%	72%
70%	5,399	8%	4,054	18%	3,096	19%	76%
80%	3,713	5%	3,359	15%	2,522	16%	75%
90%	1,853	3%	2,196	10%	1,609	10%	73%
100%	2,917	4%	8,664	39%	6,516	40%	75%
Missing	102		15		5		33%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

As shown in Table VI-11, the most commonly seen primary diagnosis in the VR&E program was post-traumatic stress disorder (PTSD), and PTSD was overwhelmingly the predominant diagnosis in Independent Living comprising 41 percent of individuals who

have been rehabilitated in the IL track. PTSD made up nine percent of those eligible/entitled for VR&E and is associated with a significantly lower likelihood of VR&E success with a rehabilitation rate of 28 percent. On the other hand, individuals with PTSD had the highest rehabilitation rate of the most prevalent diagnoses in IL with 78 percent. Any transition benefit payment put into place will be directed in part at individuals faced with PTSD, as a result it seems advisable to invest more effort in better understanding the needs of individuals with PTSD. Individuals with diagnoses of lumbosacral or cervical strain also had a low rehabilitation rate of 30 percent and the lowest rate (60 percent) in IL.

Table VI-11. Top Five Primary Diagnoses, Rehabilitation Rate and Post-VR&E Salary Rate

Primary Diagnosis	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated		Rehabilitation Rate (Overall)
	Number	Percent	Number	Percent	Number	Percent	
PTSD	25,544	9%	17,351	8%	4,913	6%	28%
Traumatic Arthritis	12,073	4%	9,356	4%	4,049	5%	43%
Condition of the Skeletal System	10,139	4%	8,443	4%	3,663	4%	43%
Impairment of the Knee	9,905	4%	8,309	4%	3,948	5%	48%
Lumbosacral or Cervical Strain	10,147	4%	7,780	4%	2,309	3%	30%
Other	207,739	75%	161,877	76%	66,448	78%	41%
Missing	1,741		866		376		43%
Total	277,288		213,982		85,706		40%

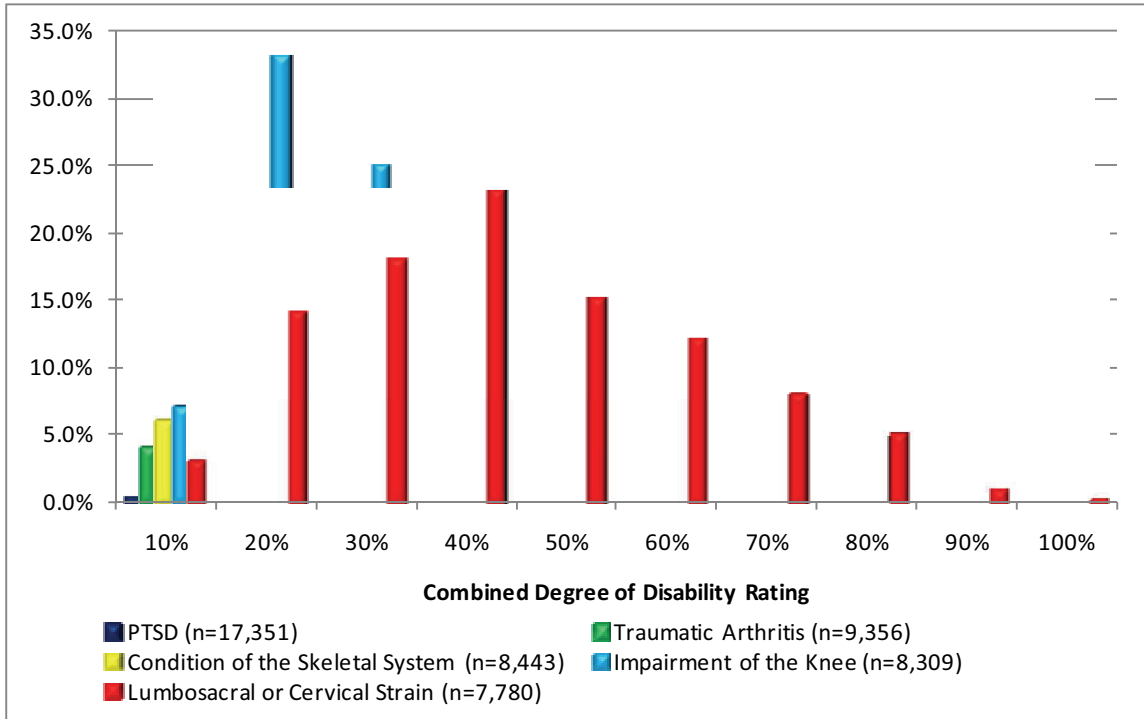
Primary Diagnosis	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track		Rehabilitation Rate (Independent Living Track)
	Number	Percent	Number	Percent	Number	Percent	
PTSD	3,264	5%	8,499	38%	6,616	41%	78%
Traumatic Arthritis	3,498	5%	328	1%	225	1%	69%
Condition of the Skeletal System	3,088	4%	230	1%	162	1%	70%
Impairment of the Knee	3,183	5%	178	1%	119	1%	67%
Lumbosacral or Cervical Strain	1,922	3%	259	1%	159	1%	61%
Other	54,449	78%	12,644	57%	9,032	55%	71%
Missing	264		10		6		60%
Total	69,668		22,148		16,319		74%

Source: CWINRS April 2008 data extract.

Figure VI-2 expands the analysis of the most prevalent primary diagnoses to show the distribution of veterans who progressed to develop plans. Veterans with diagnoses of traumatic arthritis, condition of the skeletal system, and impairment of the knee, generally had CDD levels of 40% or less. Individuals with PTSD or lumbosacral or cervical

strain had somewhat higher CDD levels with PTSD widely dispersed including at the 100% CDD level.

Figure VI-2. Combined Degree of Disability for Top Five Primary Diagnoses for Veterans with a Developed VR&E Plan



Source: CWINRS April 2008 data extract.

Benefit Statistics

Table VI-12 provides statistics on VA benefits based on veterans' combined degree of disability rating, their number of dependents, and the special monthly compensation (SMC) codes present in the C&P Master file. Less disability compensation was not highly correlated with increased likelihood of VR&E rehabilitation once a veteran was participating in VR&E, but it is possible that less disability compensation was a barrier to entering VR&E because the disability compensation level may not have provided sufficient funds combined with the VR&E subsistence payment to meet living expenses. As can be expected, veterans in IL had much higher disability compensation payments than those not in IL. IL participants averaged over \$1,900 if not receiving SMC and over \$2,800 if receiving SMC while participants not in IL averaged over \$800 if not receiving SMC and over \$1,600 if receiving SMC.

Table VI-12. VR&E Subsistence, Disability Compensation, and Special Monthly Compensation Averages

	Eligible/ Entitled to VR&E	Developed a VR&E Plan	Rehabilitated	Documented Post VR&E Salary	In an Independent Living Track	Rehabilitated in Independent Living Track
Estimated VRE Subsistence*						
Average	\$640	\$651	\$653	\$655	\$641	\$642
Median	\$646	\$646	\$646	\$646	\$646	\$646
Monthly Disability Compensation**						
All Participants						
Average	\$890	\$889	\$838	\$791	\$1,956	\$1,970
Median	\$666	\$666	\$610	\$610	\$1,553	\$1,601
Number	265,241	207,927	85,113	69,208	21,952	16,252
Only Participants Receiving SMC						
Average	\$1,855	\$1,852	\$1,774	\$1,613	\$2,877	\$2,865
Median	\$1,531	\$1,521	\$1,440	\$1,351	\$2,843	\$2,843
Number	23,997	18,375	7,452	5,550	5,915	4,311

*VR&E compensation is what the participant would receive based on his/her number of dependents, if attending VR&E full-time.

**Disability compensation is determined by compensation rates as a function of combined degree of disability and number of dependents. Special monthly compensation is factored in as well and is given instead of basic compensation benefits, with the exception of SMC (K), which is added to basic benefits.

Source: CWINRS April 2008 data extract

Durational Statistics

Table VI-13 shows that the mean number of years from release from active duty (RAD) to application for VR&E for those eligible/entitled was 10 years. However, 40 percent applied within 3 years of RAD including 1 percent who applied prior to discharge as represented by -1. This was not the case for individuals who participated in Independent Living where 26 percent applied more than 10 years after discharge but 84 percent did

not complete services until 10 or more years after their release from active duty. There are several possible reasons for the length of time after discharge before application. A SCD must be obtained, and establishment of presumptions result in SCD ratings many years after discharge. However, these data also suggest that the more severely disabled are not ready to enter a vocational rehabilitation program until after several years of recovery and adjustment. A transition benefit program will have to address the fact that most people completing IL services will do so an average of 25 years after discharge.

Table VI-13. Years between Release from Active Duty (RAD) and Application for VR&E

Years Between RAD and Application for VR&E	Eligible/Entitled to VR&E		Developed a VR&E Plan		Rehabilitated	
	Number	Percent	Number	Percent	Number	Percent
-1	3,449	1%	2,208	1%	853	1%
0	41,303	15%	31,790	15%	11,619	14%
1	43,566	16%	33,805	16%	11,707	14%
2	19,411	7%	15,055	7%	5,170	6%
3	11,607	4%	9,061	4%	3,400	4%
4	9,158	3%	7,443	4%	3,190	4%
5	9,492	3%	8,655	4%	4,239	5%
6	9,350	3%	8,876	4%	4,549	5%
7	8,663	3%	8,029	4%	4,052	5%
8	7,876	3%	7,205	3%	3,653	4%
9	7,732	3%	7,065	3%	3,544	4%
10	6,841	3%	5,883	3%	2,742	3%
>10	95,164	35%	67,058	32%	26,116	31%
Not Identifiable	3,676		1,849		872	
Total	277,288		213,982		85,706	
Mean Years	10		9		9	
Median Years	5		5		6	

Source: CWINRS April 2008 data extract.

Table VI-13. Years between Release from Active Duty (RAD) and Application for VR&E (continued)

Years Between RAD and Application for VR&E	Documented Post VR&E Salary		All in an Independent Living Track		Rehabilitated in Independent Living Track	
	Number	Percent	Number	Percent	Number	Percent
-1	784	1%	83	0.38%	48	0.29%
0	10,623	15%	653	3%	420	3%
1	10,539	15%	602	3%	377	2%
2	4,683	7%	279	1%	182	1%
3	3,008	4%	235	1%	153	1%
4	2,727	4%	203	1%	136	1%
5	3,602	5%	259	1%	191	1%
6	3,731	5%	252	1%	178	1%
7	3,261	5%	281	1%	189	1%
8	2,933	4%	305	1%	217	1%
9	2,782	4%	326	1%	245	2%
10	2,105	3%	318	1%	227	1%
>10	18,289	26%	18,304	83%	13,730	84%
Not Identifiable	601		48		26	
Total	69,668		22,148		16,319	
Mean Years	8		24.6		25	
Median Years	5		29		29	

Source: CWINRS April 2008 data extract.

CDD levels did not correlate with the amount of time elapsed before successful VR&E rehabilitation. Table VI-14 shows that there was an exception in that individuals with a 100% disability rating tended to finish the program faster. It is important to note that the individuals in the table did not necessarily participate full-time in VR&E, and as a result took longer to finish their program.

Table VI-14. Years Spent in VR&E for Rehabilitated Veterans by Combined Degree of Disability

Number of Years	Number of Individuals at Each Combined Degree of Disability										
	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
0	16	197	853	792	724	454	540	518	376	267	724
1	17	327	1,471	1,652	1,527	1,091	1,262	1,712	1,233	724	2,608
2	19	347	1,929	2,159	1,959	1,392	1,538	1,699	1,251	717	2,381
3	16	352	2,203	2,380	2,200	1,439	1,576	1,481	1,125	581	1,563
4	9	308	2,005	2,246	2,157	1,409	1,396	1,154	813	407	1,001
5	18	247	1,513	1,720	1,673	1,092	1,126	901	635	368	676
6	6	140	1,007	1,077	1,060	756	764	584	440	218	460
Other	54	911	3,818	3,979	3,435	2,146	2,433	1,897	1,459	895	2,057
Mean Years	1.5	2.3	2.4	2.5	2.4	2.3	2.4	2.4	1.7	2.0	2.5
Median Years	2	3	3	3	3	3	2	2	2	2	2
Total	155	2,829	14,799	16,005	14,735	9,779	10,635	9,946	7,332	4,177	11,470

Number of Years - Independent Living Excluded	Number of Individuals at Each Combined Degree of Disability										
	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
0	12	157	730	678	596	386	419	299	214	143	226
1	13	296	1,322	1,442	1,324	916	919	691	515	266	481
2	17	327	1,819	2,020	1,818	1,245	1,234	883	600	314	520
3	14	336	2,120	2,293	2,118	1,355	1,384	956	709	326	495
4	8	295	1,951	2,190	2,099	1,361	1,297	869	563	271	423
5	17	241	1,483	1,684	1,634	1,051	1,055	705	460	251	328
6	6	134	984	1,050	1,041	727	705	447	304	135	211
Other	49	645	3,065	3,101	2,661	1,659	1,829	1,243	872	486	968
Mean Years	1.53	2.33	2.74	2.87	3	2.82	2.99	2.86	2.77	1.67	2.47
Median Years	2	2	3	3	3	3	3	3	3	3	2
Total	136	2,431	13,474	14,458	13,291	8,700	8,842	6,093	4,237	2,192	3,652

Source: CWINRS April 2008 data extract.

Table VI-15 shows individuals with the five most frequent primary diagnoses reflected in the C&P Master File as of September 30, 2008, who were successfully rehabilitated. Individuals with PTSD spent the least amount of time in VR&E (2.7 years on average) when compared with other major diagnoses (3.5 to 3.6 years on average). This could be partly reflective of a higher percentage (29 percent) of individuals with PTSD within an IL track.

Table VI-15. Years Spent in VR&E for Rehabilitated Veterans by Primary Diagnosis Code

Number of Years	Primary Diagnosis				
	PTSD (Diagnostic Code 9411)	Lumbosacral or Cervical Strain (Diagnostic Code 5237)	Disk Problems/ Spinal Arthritis (Diagnostic Code 5242)	Major Depressive Disorder (Diagnostic Code 9434)	General Impairment of the Knee (Diagnostic Code 9411)
0	889	288	587	134	266
1	3,491	589	1,295	295	388
2	3,148	727	1,699	427	462
3	2,123	779	1,682	414	502
4	1,300	747	1,664	396	459
5	886	574	1,270	295	373
6	595	413	793	209	276
Other	749	460	888	257	341
Mean	2.7	3.6	3.5	3.6	3.6
Median	2.0	3.0	3.0	3.0	3.0
Total	13,181	4,577	9,878	2,427	3,067

Source: CWINRS April 2008 data extract.

As shown in Table VI-16, recent years have seen an increase in those applying soon after being discharged, with the median number of years between RAD and VR&E application falling from eight years in 2001 to two years annually from 2005 to 2007.

The most prevalent primary diagnoses have changed considerably over the last 7 years. For example, impairment of the knee dropped from the list beginning in 2003, sleep apnea became the third most prevalent in 2005 to 2007 and the second most prevalent so far in 2008, and major depressive disorder becoming the fourth or fifth most prevalent from 2003 through 2008.

Another noticeable factor is the increase in GWOT applicants and those found eligible/entitled. The number of GWOT eligible/entitled has increased from 287 to 10,222 during the 2001 to 2007 timeframe.

Table VI-16. Changing Characteristics of VR&E Applicants by Year of Application

	2001	2002	2003	2004	2005	2006	2007	2008 ⁱ
Total Applications Received	83,700	50,915	51,015	49,724	45,008	42,052	44,803	14,901
Applicants Entitled to VR&E	45,888	26,009	27,204	23,810	23,172	22,933	24,445	5,053
Developed a VR&E Plan	40,175	18,904	16,913	15,224	14,331	13,036	11,986	1,145
Developed an Independent Living Plan	4,135	2,813	2,566	2,377	2,098	1,347	821	47
Total GWOT Applicants	572	616	1,603	5,153	9,054	11,452	17,106	6,397
Eligible GWOT Applicants	287	332	915	2,894	5,190	6,878	10,222	2,427
Average Age at Application	40.7	41	41.6	41	40.2	40.2	40	40.7
Average Years Between RAD and Application	11.8	11.05	11.33	10.69	9.67	9.35	9.22	10.41
Median Years Between RAD and Application	8	6	6	5	2	2	2	3
Serious Employment Handicap	19,549	11,539	11,360	10,555	10,222	10,181	10,651	2,137
Average Combined Disability Rating	48.6	49.6	49.2	48.8	48.7	48.1	46.4	45.6
Median Combined Disability Rating	40	40	40	40	40	40	40	40
Top Five Primary Diagnoses (in descending order)	9411	9411	9411	9411	9411	9411	9411	9411
	5257	5010	5010	5237	5237	5237	5237	6847
	5010	5299	5299	5010	6847	6847	6847	5237
	5243	5243	9434	5299	5010	9434	9434	6260
	5299	5257	7913	9434	9434	5010	5242	9434
Average Number of Dependents	1.2	1.2	1.25	1.1	1.1	1	0.9	1.3
Median Number of Dependents	1	1	1	1	1	0	0	1
Average Disability Compensation (including SMC)	\$904	\$911	\$890	\$886	\$875	\$850	\$769	\$749
Number receiving SMC	4,211	2,536	2,524	2,287	2,127	1,908	1,208	185
<i>Legend for Primary Diagnoses:</i>								
5010	- Traumatic Arthritis	6260	- Tinnitus					
5237	- Lumbosacral/cervical strain	6847	- Sleep Apnea					
5242	- Arthritis of the spine	7913	- Diabetes Mellitus					
5243	- Invertabral disk syndrome	9411	- PTSD					
5257	- Impairment of the knee	9434	- Major depressive disorder					
5299	- Condition of the skeletal system							

Source: CWINRS April 2008 data extract.

ⁱ Data for 2008 represents a partial year consisting of two quarters only.

Veterans Who Have Not Applied for VR&E

In addition to studying the individuals in the CWINRS data, the study team also looked at individuals who were in the C&P system with a RAD of 1995 and later but had not applied for VR&E. Because CWINRS was created in 2001 and includes only those veterans active in VR&E in 2001 and those who applied since 2001, some veterans who applied prior to 2001 and either dropped or completed the program will not be in CWINRS. Thus, this analysis must be considered as only an indication of the number of veterans who were eligible but did not apply. For example, VR&E records indicate that since 1996, 726,463 veterans applied for VR&E which is 203,971 more than the 522,492 records contained in CWINRS.

We identified 374,535 veterans who could have been found eligible but did not apply according to CWINRS data. Of these, approximately 53 percent had a CDD rating of 20% or less. One-third had a CDD of 10% and would only be eligible/entitled for VR&E if they had a serious employment handicap. Twenty-six percent had a CDD of 30% or 40% and approximately 21 percent had a CDD ranging from 50% to 100%. Overall, of the 889,195 veterans with a RAD of 1995 or later who had a SCD, 514,660 (57.9 percent) applied for VR&E; the higher the CDD level, the higher the percentage who applied. For example, 156,220 of 190,228 veterans (82 percent) with CDD of 70% to 100% applied and 51,473 of 58,105 veterans (88.6 percent) with CDD of 100% applied. This may indicate a greater awareness of the program and that individuals with the greatest need are availing themselves of the opportunity. However, a substantial number of veterans may be eligible for VR&E but are not taking advantage of it.

The distribution of veterans who did not apply for VR&E differs somewhat from their counterparts who applied for VR&E and the percentage of those who did not apply declines steadily from 10 through 100% CDD. Table VI-17 shows that the rate for veterans who applied, were found eligible/entitled, and were rehabilitated does not decline steadily. Table VI-17 shows that on average there are peaks and valleys relative to numbers and percentages from 10 through 100% CDD rather than a steady decline. The implication of this difference is that the larger population that potentially may take advantage of VR&E because of a transition benefit are those that are less severely disabled according to the combined degree of disability rating.

The five most frequent primary diagnoses for veterans who applied and developed a VR&E plan ranked in order from most to least frequent were PTSD, traumatic arthritis, condition of the skeletal system, impairment of the knee, and lumbosacral or cervical strain. Table VI-18 shows the five most frequent diagnoses for the group of service-connected veterans with a RAD of 1995 or later who did not apply. This group has the same five most frequent diagnoses plus tinnitus. PTSD is at the bottom of the ranking and tinnitus is the most prevalent diagnosis.

Table VI-17. Veterans in the C&P System with a RAD of 1995 and Later by CDD for Individuals Who Applied and Did Not Apply for VR&E

CDD	Number Who Did NOT Apply		Number Who Applied for VR&E	
	Number	Percent	Number	Percent
0%	769	0.2%	2,345	0.5%
10%	126,399	33.7%	40,740	7.9%
20%	70,569	18.8%	68,991	13.4%
30%	54,676	14.6%	75,359	14.6%
40%	42,844	11.4%	70,129	13.6%
50%	23,256	6.2%	47,536	9.2%
60%	22,014	5.9%	53,340	10.4%
70%	13,701	3.7%	49,209	9.6%
80%	9,321	2.5%	36,414	7.1%
90%	4,354	1.2%	19,124	3.7%
100%	6,632	1.8%	51,473	10.0%
Total	374,535		514,660	

Source: C&P 2008 Extract, RAD Year 1995 or Greater.

Table VI-18. Top Six Primary Diagnosis for Veterans in C&P with a RAD of 1995 and After that Have Not Applied for VR&E

Top Primary Diagnoses	Number	Percent
Tinnitus	25,073	24%
Traumatic Arthritis	21,629	21%
Condition of the Skeletal System	17,606	17%
Lumbosacral or Cervical Strain	16,469	16%
Impairment of the Knee, General	12,470	12%
Post Traumatic Stress Disorder	9,893	10%
Total	103,140	100%

Source: C&P 2008 Extract, RAD Year 1995 or later.

Medical Discharges and Vocational Rehabilitation

The focus of the Dole-Shalala report was on individuals injured and unable to continue on active duty. These individuals would normally be processed through the Department of Defense (DoD) Disability Evaluation System described in Chapter 3 of this volume. In an effort to assess how a transition benefit could best be used by this cohort, an analysis of VR&E applicants during the period 1991 to mid 2003 was conducted. During that period, 490,953 applications were received by VA. Of these applicants, 404,500 could be matched with records of the Defense Manpower Data Center (DMDC). Of individuals that matched, 63,453 (16%) were either separated or retired due to conditions which made them unfit for military duty.

Of these 63,453 applicants for VR&E, the service-connected disability (SCD) rating was missing in the records of 13,741 applicants. Overwhelmingly, these applicants did not participate in the program. Generally they were found not eligible/entitled (69 percent) or withdrew (15 percent). Only 8 percent participated in VR&E.

Of the remaining 49,712 applicants with an SCD rating in the records, 83 percent (41,070) had a VA CDD rating of less than 50%. Of the 8,642 with CDD of 50% or higher, 60 percent (5,206) were rated 50% or 60%, 24 percent (2,064) were rated 70-90%, and 16 percent (1,372) were rated 100%.

Table VI-19 provides a summary of some key facts about these VR&E applicants and how much time elapsed from RAD to SCD rating to VR&E application.

Table VI-19. VR&E Applicants from 1991 to mid-2003

	Number	Years from RAD to SCD Rating	Years from RAD to VR&E Application	Average Age at Application	Years of Military Service
Not Medically Discharged	341,047	3.4	5.7	37.8	10.7
Medical: SCD Missing	13,741	0.3	0.3	26.7	5.6
Med: <50% SCD	41,070	1.3	3.2	30.3	5.9
Med: 50% Plus	8,642	1.5	5.3	36.1	8.7
Med: 50-60%	5,206	1.4	4.4	35.0	8.5
Med: 70-90%	2,064	1.6	5.6	38.0	9.8
Med: 100%	1,372	2.0	8.1	37.6	7.8

Source: EconSys Study Team analysis of CWINRS data.

Individuals with no SCD coded in CWINRS tended to file for VA disability and for VR&E almost immediately after discharge (within four months). They tended to be younger (26.7 years of age) and have fewer years of military service (5.6 years), on average.

Individuals discharged for medical reasons tended to file for a disability rating sooner than those not medically discharged, and they tended to apply for VR&E sooner if they were rated less than 50%. Individuals rated 100% delayed application for 8.1 years after discharge, and 37 percent did not apply for more than 8 years after discharge.

If the intent of the transition benefit is to assist the most severely disabled, the benefit would need to be available for many years after discharge and be more aptly named.

Age of applicants does not vary much except for those without a SCD rating in the record and those rated less than 50%, both of which tended to be younger, namely 27 to 30 years of age. Otherwise, applicants tended to range from 35 to 38 years of age.

The primary diagnoses vary considerably among the groups as indicated in Table VI-20. Individuals not medically discharged and individuals rated 50% disabled or higher tended to have a greater proportion of mental disorders than those rated less than 50% disabled, who tended to have a greater proportion of musculoskeletal injuries.

Table VI-20. Distribution of Medically Discharged VR&E Applicants by Primary Diagnosis and Combined Degree of Disability Rating, 1991 to mid-2003

Percent of Primary Disabilities	Musculo-skeletal	Other Physical	Sensory	Cardio, Respiratory, Circulatory	Other Internal	Nervous System	Mental Health	Total
Not Medically Discharged	37%	16%	5%	11%	12%	7%	12%	100%
Med: <50% SCD	58%	16%	2%	7%	6%	6%	5%	100%
Med: 50% Plus	30%	13%	3%	10%	15%	10%	19%	100%
Med: 50-60%	37%	12%	2%	10%	14%	10%	15%	100%
Med: 70-90%	26%	13%	3%	10%	14%	11%	22%	100%
Med: 100%	9%	17%	3%	10%	23%	11%	27%	100%

Source: EconSys Study Team analysis of CWINRS data.

Summary

In analyzing past applicants and participants in VR&E, the study team found many factors that influenced its thinking in the design of a potential transition benefit. In terms of demographics, females made up about 20 percent of those who developed a VR&E plan and commissioned/warrant officers made up 3.5 percent. GWOT veterans are a steadily growing group of applicants (from 287 in 2001 to 10,222 in 2007).

PTSD was the most frequent primary diagnosis (9 percent, but 38 percent of IL). One-half of participants had a CDD of 50% or less; 22 percent were rated 50% or 60%, and 27 percent were rated 70%-100%.

The time from discharge to application for VR&E averaged 10 years but 40 percent applied within 3 years. Twenty-six percent of IL participants applied more than 10 years from discharge. Individuals who were medically separated/retired applied sooner if their CDD was less than 50% but did not apply until eight years after discharge if their CDD was 100%.

There were 374,000 veterans with SCDs who were discharged in 1995 or later who have never applied for VR&E.

In terms of rate of rehabilitation, the rates varied little by gender. The rates were lowest for veterans under age 25 and highest for veterans 65 and older; otherwise the rates varied little by age. The rates are much lower for veterans with less than a high school education.

Considering rehabilitation rates by branch of service, Navy had the highest at 54 percent, followed by Air Force at 45 percent, and Army and Marine Corps both at 37 percent. Rehabilitation rates are considerably higher at 52 percent for commissioned and warrant officers than for enlisted at 35 percent. The rehabilitation rates decreased as CDD level increased. Finally, among the five most prevalent primary diagnoses, PTSD (28 percent) and lumbo sacral or cervical strain (30 percent) had the lowest success rates; the remaining three diagnoses (traumatic arthritis, condition of the skeletal system, and impairment of the knee) ranged from 43 to 48 percent.

VII. SCENARIO ANALYSIS

The approach used to develop payment amounts for the proposed transition benefit centers on the development of scenarios of veterans with disabilities with characteristics similar to those held by veterans who are participating in VA's Vocational Rehabilitation & Employment (VR&E) services, both traditional vocational rehabilitation and an independent living track. We built scenarios to reflect the distribution of veterans with disabilities contained in CWINRS data; that is based on characteristics such as gender, age, combined disability rating, mental or physical health diagnosis, dependents, and so forth. For example, one scenario could reflect veterans with disabilities in CWINRS with a primary mental health diagnosis, one or more dependents, an average age of 40 years, an average combined degree of disability (CDD) of approximately 52 percent, and an average of 8.5 years between their Release from Active Duty (RAD) date and application date to VR&E. We then calculated monthly living expenses including family expenses for this group.

The EconSys Study Team then compared the sum of current VA benefit amounts plus proposed transition payments to military compensation at the time of separation from active duty and also to Current Population Survey (CPS) earnings,⁷⁹ which are two known measures of living standards. Why compare the sum of current VA benefits amounts and proposed transition payments to military compensation at the time of separation from active duty and to CPS earnings? From a policy perspective, using these comparisons provides an understanding of the veterans' transition from military to civilian life and an understanding of living expenses. The comparisons answer the questions whether veterans with disabilities receiving VA benefits plus transition benefits will, on average, be better or worse off than (1) when they left active duty or (2) their near peers, that is, individuals with similar characteristics in the private sector. Consequently, this approach provides perspective about transition benefit payment amounts and *how well* transition benefit payments combined with current VA benefit amounts not only cover living expenses, but also provide veterans with disabilities with a standard of living that would encourage them to enter early and complete vocational rehabilitation programs.

Sample Scenarios Based on the Veteran Distribution in CWINRS

The study team developed multiple scenarios that illustrate the veteran distribution observed in CWINRS and potential transition benefit amounts. The CWINRS data was divided into nine categories or scenarios. All past, current, and future participants in VR&E can be assigned to one of the nine scenarios depending on various combinations of (1) primary diagnosis (mental health or physical health), (2) whether they were

⁷⁹ CPS is a monthly survey of about 50,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics. It is the primary source of information on the labor force characteristics of the U.S. population including earnings. Source: U.S. Census Bureau. (2007). *Current Population Survey*. Retrieved July 7, 2008, from <http://www.census.gov/cps/>

receiving aid and attendance (A&A)/housebound allowances, (3) whether they had dependents, and (4) whether they were in Independent Living (IL).

The nine scenarios presented in this chapter show a range of possible transition benefit amounts for veterans. For demonstration purposes, we developed monthly benefit estimates. Each scenario presents a range of payment amounts based on the geographic area of residence and number of dependents that the veteran has. The low end of the benefit payment range presented for each scenario includes only the basic living expense categories of housing, food, and transportation. The housing amounts presented for all of the scenario monthly benefit payments are for an E-5 pay grade. Since the recently enacted education program (Chapter 33) bases its housing allowance on the rate paid to an E-5 in the Department of Defense (DoD) Basic Allowance for Housing (BAH) for the locality in which the veteran student lives, the study team selected this BAH rate as the most appropriate. The upper end of the benefit payment range adds optional menu item expense categories of apparel, entertainment, personal care products/services, household operations, housekeeping supplies, and health care for dependents. Some scenarios present two additional categories of childcare and caregiver expenses. Table VII-1 presents the criteria for each of the eight of the scenarios contained in this chapter and the ninth scenario containing those in IL.

Table VII-1. Definitions of Scenarios for Eligible Applicants

	Scenario Number								
	1	2	3	4	5	6	7	8	9
Mental/Physical Primary Diagnosis	Phys.	Phys.	Mental Health	Mental Health	Phys.	Mental Health	Phys.	Mental Health	N/A - IL Scenario
Dependents	2	0	2	0	2	2	0	0	1
Receiving A&A or Housebound Compensation?	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Caregiver Assumption	N/A	N/A	N/A	8 hrs/wk	40 hrs/wk	40 hrs/wk	40 hrs/wk	40 hrs/wk	20 hrs/wk

Source: Created from C&P Master Record.

Each scenario was developed individually; scenarios were compared through summary tables that analyze and show individual statistics for the comparison of military pay at last known rank, current VA benefits, and potential range of a transition benefit. The range of the benefit amount is affected by adding optional expenses to core expenses.

In addition to the range of possible transition benefit amounts, each scenario presents an estimate of current benefit amounts individuals may receive from VA. For individuals receiving Special Monthly Compensation (SMC) benefits, calculations were made to represent the magnitude of the SMC benefits that veterans are receiving. This is important because SMC benefits have Quality of Life and assistance components to

them, and it is necessary to take them into account when costing the transition benefit program.

Scenario One – Veteran has a physical primary diagnosis, is rated 50% disabled, is age 41, has 2 dependents, lives in the Tampa, FL area, and left the military as an E-4.

Table VII-2. Scenario One - Estimated Current Veterans' Disability Compensation and VR&E Subsistence Allowance

Scenario One		
	All Eligible Veterans - Includes Global War On Terror (GWOT)	GWOT Only
Percentage of total veterans	41.2% of eligible/entitled applicants in CWINRS	35.4% of eligible/entitled applicants in CWINRS with a GWOT code
Physical primary diagnosis with the five most common diagnoses of:	<ul style="list-style-type: none"> • Traumatic arthritis • Lumbosacral or Cervical Strain • Migraine • Condition of The Skeletal System • Sleep Apnea Syndromes 	<ul style="list-style-type: none"> • Sleep Apnea • Lumbosacral or Cervical Strain • Degenerative Arthritis of the Spine • Limitation of motion of the arm • Bronchial asthma
Dependents	One or more with an average of approximately 2 (assumed to be a spouse and one child for the purposes of illustrating scenario)	
Average Age	40.6 years	36.7 years
CDD	50% (rounded from 53)	50% (rounded from 53)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$751	\$758
Average Monthly C&P Disability Compensation	\$952	\$955
Average Total VA Compensation	\$1,703	\$1,713

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-3 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-3. Scenario One - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$1,454 (\$1,390) ⁱ	DoD BAH at the E-5 Level with 2 dependents in the Tampa, FL area
Food	\$713	USDA 2008 “Moderate-Cost Plan” Estimate of Food Prepared at Home for an Adult Male 19-50 years of age, an Adult Female 19-50 years of age, and 1 child 9-11 years of age
Transportation	\$1,078	Transportation category national averages from CES for 2005 in May 2008 dollars for 3 individuals using CPI category values
Child Care	\$118	U.S. Census Bureau 2005 estimate for 1 child under age 15 in May 2008 dollars using CPI category values
Caregiver expenses	N/A	
Apparel	\$199	
Entertainment	\$221	
Personal care products/services	\$63	Category national averages from CES for 2005 in May 2008 dollars for 3 individuals using CPI category values
Household operations	\$51	
Housekeeping supplies	\$136	
Health care for dependents	\$336	Category national averages from CES for 2005 in May 2008 dollars for 2 individuals using CPI category values
Total monthly benefit payment (low and high options)	\$3,181 to \$4,305	

Source: DoD Basic Allowance for Housing for 2008; Official USDA food plans, cost of food at home at four Levels, U.S. average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, consumer expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

Scenario Two – Veteran has a physical primary diagnosis, is rated 30% disabled, is age 39, has no dependents, lives in the Washington, DC area, and left the military as an E-4.

Table VII-4. Scenario Two - Estimated Current Veterans' Disability Compensation and VR&E Subsistence Allowance

Scenario Two		
	All Eligible Veterans (Includes GWOT)	GWOT Only
Percentage of total veterans	39.0% of eligible/entitled applicants in CWINRS	35.8% of eligible/entitled applicants in CWINRS with a GWOT Code
Physical primary diagnosis with the five most common diagnoses of:	<ul style="list-style-type: none"> • Traumatic arthritis • Impairment of the knee, general • Condition of The Skeletal System • Lumbosacral or Cervical Strain • Lumbosacral Strain Only 	<ul style="list-style-type: none"> • Lumbosacral or Cervical Strain • Condition of The Skeletal System • Traumatic arthritis • Degenerative Arthritis of the Spine • Tinnitus
Dependents	No Dependents	
Average Age	39 years	32.1 years
CDD	30% (rounded from 33)	40% (rounded from 36)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$521	\$521
Average Monthly C&P Disability Compensation	\$477	\$523
Average Total VA Compensation	\$998	\$1,044

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-5 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-5. Scenario Two - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$1,490 (\$1,175) ⁱ	DoD BAH at the E-5 Level without dependents in the Washington, DC area
Food	\$260	USDA 2008 "Moderate-Cost Plan" Estimate of Food Prepared at Home for an Adult Male 19-50 years of age
Transportation	\$463	Transportation category national averages from the CES for 2005 in May 2008 dollars for 1 individual using CPI category values
Child Care	N/A	
Caregiver expenses	N/A	
Apparel	\$81	
Entertainment	\$126	
Personal care products/services	\$32	Category national averages total from the CES for 2005 in May 2008 dollars for 1 individual using CPI category values
Household operations	\$33	
Housekeeping supplies	\$70	
Health care for dependents	N/A	
Total monthly benefit payment (low and high options)	\$1,898 to \$2,240	

Source: U.S. Department of Housing and Urban Development Fair Market Rent Final FY 2008 Documentation System; Official USDA Food Plans, Cost of Food at Home at Four Levels, U.S. Average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

Scenario Three – Veteran has a mental health primary diagnosis, is rated 70% disabled, is age 42, has 2 dependents, lives in the Philadelphia, PA area, and left the military as an E-4.

Table VII-6. Scenario Three - Estimated Current Veterans' Disability Compensation and VR&E Subsistence Allowance

Scenario Three		
	All Eligible Veterans(Includes GWOT)	GWOT Only
Percentage of the Total veterans	10.1% of eligible/entitled applicants in CWINRS	14.2% of eligible/entitled applicants in CWINRS with a GWOT code
Mental health primary diagnosis with the five most common diagnoses of:	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Major depressive disorder • Bipolar disorder • Generalized anxiety disorder • Schizophrenia, paranoid type 	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Major depressive disorder • Anxiety disorder, unspecified • Generalized anxiety disorder • Bipolar disorder
Dependents	One or more with an average of approximately 2 (assumed to be a spouse and 1 child for the purposes of illustrating scenario)	
Average Age	42.3 years	32.6 years
CDD	70% (rounded from 70.2)	70% (rounded from 65)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$735	\$756
Average Monthly C&P Disability Compensation	\$1,444	\$1,263
Average Total VA Compensation	\$2,179	\$2,020

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-7 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-7. Scenario Three - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$1,615 (\$1,390) ⁱ	DoD BAH at the E-5 Level with 2 dependents in the Philadelphia, PA area
Food	\$713	USDA 2008 “Moderate-Cost Plan” Estimate of Food Prepared at Home for an Adult Male 19-50 years of age, an Adult Female 19-50 years of age, and a child 9-11 years of age
Transportation	\$1,078	Transportation category national averages from CES results for 2005 in May 2008 dollars for 3 individuals using CPI category values
Child Care	\$118	U.S. Census Bureau 2005 estimate for 1 child under 15 in May 2008 dollars using CPI category values
Caregiver expenses	\$520	This scenario assumes a Low level of care of 8 hours per week. For the purpose of assigning a cost associated with this level, we can also assume an hourly wage for the caregiver of \$15 which is the Bureau of Labor Statistics 2007 average estimate of all occupations in home health care services category. ⁱⁱ
Apparel	\$199	
Entertainment	\$221	
Personal care products/services	\$63	Category national averages total from the CES for 2005 in May 2008 dollars for 3 individuals using CPI category values
Household operations	\$51	
Housekeeping supplies	\$136	
Health care for dependents	\$336	Category national averages from CES for 2005 in May 2008 dollars for 2 individuals using CPI category values
Total monthly benefit payment (low and high options)	\$3,181 to \$4,825	

Source: DoD Basic Allowance for Housing for 2008; Official USDA Food Plans, cost of food at home at four levels, U.S. average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, consumer expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

ⁱⁱ U.S. Department of Labor, Bureau of Labor Statistics. (2008). *May 2007 National industry-specific occupational employment and wage estimates: NAICS 621600 - home health care services*. Retrieved July 3, 2008, from http://www.bls.gov/oes/current/naics4_621600.htm

Scenario Four – Veteran has a mental health primary diagnosis, is rated 70% disabled, is age 42, has no dependents, lives in the Detroit, MI area, and left the military as an E-4.

Table VII-8. Scenario Four - Estimated Current Veterans' Disability Compensation and VR&E Subsistence Allowance

Scenario Four		
	All Eligible Veterans (Includes GWOT)	GWOT Only
Percentage of total veterans	7.6% of eligible/entitled applicants in CWINRS	12.5% of veterans in CWINRS with a GWOT code
Mental health primary diagnosis with the five most common diagnoses of:	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Major depressive disorder • Bipolar disorder • Schizophrenia, paranoid type • Generalized anxiety disorder 	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Major depressive disorder • Chronic adjustment disorder • Generalized anxiety disorder • Bipolar disorder
Dependents	No Dependents	
Average Age	41.5 years	29.1 years
CDD	70% (rounded from 65.2)	60% (rounded from 60.8)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$521	\$521
Average Monthly C&P Disability Compensation	\$1,194	\$1,028
Average Total VA Compensation	\$1,715	\$1,549

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-9 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-9. Scenario Four - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$965 (\$1,175 ⁱ)	DoD BAH at the E-5 Level with no dependents in the Detroit, MI area
Food	\$260	USDA 2008 “Moderate-Cost Plan” Estimate of Food Prepared at Home for an Adult Male 19-50 years of age
Transportation	\$463	Transportation category national averages from CES for 2005 in May 2008 dollars for 1 individual using CPI category values
Child Care	N/A	
Caregiver expenses	\$520	This scenario assumes a low level of care of 8 hours per week. For the purpose of assigning a cost associated with this level, we also assume an hourly wage for the caregiver of \$15, which is the Bureau of Labor Statistics 2007 average estimate of all occupations in the home health care services category. ⁱⁱ
Apparel	\$81	
Entertainment	\$126	
Personal care products/services	\$32	Category national averages total from the CES for 2005 in May 2008 dollars for 1 individual using CPI category values
Household operations	\$33	
Housekeeping supplies	\$70	
Health care for dependents	N/A	
Total monthly benefit payment (low and high options)	\$1,898 to \$2,760	

Source: U.S. Department of Housing and Urban Development fair market rent, Final FY 2008 documentation system; Official USDA food plans, cost of food at home at four Levels, U.S. average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

ⁱⁱ U.S. Department of Labor, Bureau of Labor Statistics. (2008). *May 2007 National industry-specific occupational employment and wage estimates: NAICS 621600 - home health care services*. Retrieved July 3, 2008, from http://www.bls.gov/oes/current/naics4_621600.htm

Scenario Five – Veteran has a physical health primary diagnosis, is rated 100% disabled, is age 47, has 2 dependents, lives in the Cleveland, OH area, and left the military as an E-4.

Table VII-10. Scenario Five - Descriptive Statistics Estimated Current Veterans' Disability Compensation and VR&E Subsistence Allowance

Scenario Five		
	All Eligible Veterans (Includes GWOT)	GWOT Only
Percentage of total veterans	1.1% of eligible/entitled applicants in CWINRS	0.6% eligible/entitled applicants in CWINRS with a GWOT code
Physical health primary diagnosis with the five most common diagnoses of:	<ul style="list-style-type: none"> • Loss of use of both feet • Arteriosclerotic heart disease • Multiple sclerosis • Knee replacement • Residuals of fracture of vertebra 	<ul style="list-style-type: none"> • Anatomical loss of both feet • Loss of use of both feet • Loss of use of both hands • Malignant growths of genitourinary system • Brain disease due to trauma
Dependents	One or more with an average of approximately 2 (assumed to be a spouse and 1 child for the purposes of illustrating scenario)	
Average Age	47.1 years	33.9 years
CDD	100% (rounded from 97.8)	100% (rounded from 97.5)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$723	\$748
Average Monthly C&P Disability Compensation	\$3,485	\$3,481
Average Total VA Compensation	\$4,208	\$4,229

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-11 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-11. Scenario Five - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$994 (\$1,390) ⁱ	DoD BAH at the E-5 Level with 2 dependents in the Cleveland, OH area
Food	\$713	USDA 2008 “Moderate-Cost Plan” Estimate of Food Prepared at Home for an Adult Male 19-50 years of age, an Adult Female 19-50 years of age, and 1 child 9-11 years of age
Transportation	\$1,078	Transportation category national averages from CES for 2005 in May 2008 dollars for 3 people using CPI category values
Child Care	\$118	U.S. Census Bureau 2005 estimate for 1 child under age 15 inflated to a May 2008 dollars using CPI category values
Caregiver expenses	\$2,600	This scenario assumes a high level of care of 40 hours per week. For the purpose of assigning a cost associated with this level, we also assume an hourly wage for the caregiver of \$15, which is the Bureau of Labor Statistics 2007 average estimate of all occupations in the home health care services category. ⁱⁱ
Apparel	\$199	
Entertainment	\$221	
Personal care products/services	\$63	Category national averages total from the CES for 2005 in May 2008 dollars for 3 individuals using CPI category values
Household operations	\$51	
Housekeeping supplies	\$136	
Health care for dependents	\$336	Category national averages total from the CES for 2005 in May 2008 dollars for 2 individuals using CPI category values
Total monthly benefit payment (low and high options)	\$3,181 to \$6,905	

Source: DoD Basic Allowance for Housing for 2008; Official USDA Food Plans, Cost of Food at Home at Four Levels, U.S. Average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

ⁱⁱ U.S. Department of Labor, Bureau of Labor Statistics. (2008). *May 2007 National Industry-Specific Occupational Employment and Wage Estimates: NAICS 621600 - Home Health Care Services*. Retrieved July 3, 2008, from http://www.bls.gov/oes/current/naics4_621600.htm

Scenario Six – Veteran has a mental health primary diagnosis, is rated 100% disabled, is age 46, has 2 dependents, lives in the Atlanta, GA area, and left the military as an E-4.

Table VII-12. Scenario Six - Estimated Current Veterans' Disability Compensation and VR&E Subsistence Allowance

Scenario Six		
	All Eligible Veterans (Includes GWOT)	GWOT Only
Percentage of total veterans	0.4% of eligible/entitled applicants in CWINRS	0.4% of eligible/entitled applicants in CWINRS with a GWOT code
Mental health primary diagnosis with the five most common diagnoses of:	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Major depressive disorder • Bipolar disorder • Dementia due to head trauma • Schizophrenia, paranoid type 	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Major depressive disorder • Dementia due to head trauma • Bipolar disorder • Mood disorder
Dependents	One or more with an average of approximately 2 (assumed to be a spouse and 1 child for the purposes of illustrating scenario)	
Average Age	46.2 years	34.4 years
CDD	100% (rounded from 98.6)	100% (rounded from 99.1)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$727	\$773
Average Monthly C&P Disability Compensation	\$3,134	\$3,102
Average Total VA Compensation	\$3,861	\$3,875

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-13 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-13. Scenario Six - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$1,198 (\$1,390) ⁱ	DoD BAH at the E-5 Level with 2 dependents in the Atlanta, GA area
Food	\$713	USDA 2008 “Moderate-Cost Plan” Estimate of Food Prepared at Home for an Adult Male 19-50 years of age, an Adult Female 19-50 years of age, and 1 child 9-11 years of age
Transportation	\$1,078	Transportation category national averages from CES for 2005 in May 2008 dollars for 3 individuals using CPI category values
Child Care	\$118	U.S. Census Bureau 2005 estimate for 1 child under age 15 in May 2008 dollars using CPI category values
Caregiver expenses	\$2,600	This scenario assumes a high level of care of 40 hours per week. For the purpose of assigning a cost associated with this level, we can also assume an hourly wage for the caregiver of \$15, which is the Bureau of Labor Statistics 2007 average estimate of all occupations in home health care services category. ⁱⁱ
Apparel	\$199	
Entertainment	\$221	
Personal care products/services	\$63	
Household operations	\$51	Category national averages total from the CES for 2005 in May 2008 dollars for 3 individuals using CPI category values
Housekeeping supplies	\$136	
Health care for dependents	\$336	Category national averages total from the CES for 2005 in May 2008 dollars for 2 individuals using CPI category values
Total monthly benefit payment (low and high options)	\$3,181 to \$6,905	

Source: DoD Basic Allowance for Housing for 2008; Official USDA Food Plans, Cost of Food at Home at Four Levels, U.S. Average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

ⁱⁱ U.S. Department of Labor, Bureau of Labor Statistics. (2008). *May 2007 National Industry-Specific Occupational Employment and Wage Estimates: NAICS 621600 - Home Health Care Services*. Retrieved July 3, 2008, from http://www.bls.gov/oes/current/naics4_621600.htm

Scenario Seven – Veteran has a physical health primary diagnosis, is rated 100% disabled, is age 45, has no dependents, lives in the Seattle, WA area, and left the military as an E-4

Table VII-14. Scenario Seven - Estimated Current Veterans' Disability Compensation and VR&E Subsistence Allowance

Scenario Seven		
	All Eligible Veterans(Includes GWOT)	GWOT Only
Percentage of total veterans	0.5% of eligible/entitled applicants in CWINRS	0.4% of eligible/entitled applicants in CWINRS with a GWOT code
Physical health primary diagnosis with the five most common diagnoses of:	<ul style="list-style-type: none"> • Loss of use of both feet • Malignant growths of genitourinary system • Arteriosclerotic heart disease • Residuals of fracture of vertebra • Multiple sclerosis 	<ul style="list-style-type: none"> • Loss of use of both feet • Brain disease due to trauma • Loss of use of both hands • Anatomical loss of both feet • Malignant growth of the bones
Dependents	No Dependents	
Average Age	44.5 years	28.6 years
CDD	100% (rounded from 98.1)	100% (rounded from 98.9)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$521	\$521
Average Monthly C&P Disability Compensation	\$3,359	\$3,588
Average Total VA Compensation	\$3,880	\$4,109

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-15 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-15. Scenario Seven - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$1,047 (\$1,175) ⁱ	DoD BAH at the E-5 Level with no dependents in the Seattle, WA area
Food	\$260	USDA 2008 “Moderate-Cost Plan” Estimate of Food Prepared at Home for an Adult Male 19-50 years of age
Transportation	\$463	Transportation category national averages from CES for 2005 in May 2008 dollars for 1 individual using CPI category values
Child Care	N/A	
Caregiver expenses	\$2,600	This scenario assumes a high level of care of 40 hours per week. For the purpose of assigning a cost associated with this level, we also assume an hourly wage for the caregiver of \$15, which is the Bureau of Labor Statistics 2007 average estimate of all occupations in home health care services category. ⁱⁱ
Apparel	\$81	
Entertainment	\$126	
Personal care products/services	\$32	Category national averages total from the CES for 2005 in May 2008 dollars for 1 individual using CPI category values
Household operations	\$33	
Housekeeping supplies	\$70	
Health care for dependents	N/A	
Total monthly benefit payment (low and high options)	\$1,898 to \$4,840	

Source: DoD Basic Allowance for Housing for 2008; Official USDA Food Plans, Cost of Food at Home at Four Levels, U.S. Average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

ⁱⁱ U.S. Department of Labor, Bureau of Labor Statistics. (2008). *May 2007 National Industry-Specific Occupational Employment and Wage Estimates: NAICS 621600 - Home Health Care Services*. Retrieved July 3, 2008, from http://www.bls.gov/oes/current/naics4_621600.htm

Scenario Eight – Veteran has a mental health primary diagnosis, is rated 100% disabled, is age 45, has no dependents, lives in the Phoenix, AZ area, and left the military as an E-4.

Table VII-16. Scenario Eight- Estimated Current Veterans’ Disability Compensation and VR&E Subsistence Allowance

Scenario Eight		
	All Eligible Veterans(Includes GWOT)	GWOT Only
Percentage of total veterans	0.2% of eligible/entitled applicants in CWINRS	0.4% of eligible/entitled applicants in CWINRS with a GWOT code
Mental health primary diagnosis with the five most common diagnoses of:	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Major depressive disorder • Dementia due to head trauma • Bipolar disorder • Dysthymic disorder 	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Dementia due to head trauma • Major depressive disorder • Atypical psychosis • Anxiety disorder, unspecified
Dependents	No Dependents	
Average Age	44.8 years	28.6 years
CDD	100% (rounded from 98.5)	100% (rounded from 98.9)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$521	\$521
Average Monthly C&P Disability Compensation	\$2,920	\$2,845
Average Total VA Compensation	\$3,441	\$3,366

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-17 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-17. Scenario Eight - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$984 (\$1,175) ⁱ	DoD BAH at the E-5 Level with no dependents in the Phoenix, AZ area
Food	\$260	USDA 2008 “Moderate-Cost Plan” Estimate of Food Prepared at Home for an Adult Male 19-50 years of age
Transportation	\$463	Transportation category national averages from the CES for 2005 in May 2008 dollars for 1 individual using CPI category values
Child Care	N/A	
Caregiver expenses	\$2,600	This scenario assumes a high level of care of 40 hours per week. For the purpose of assigning a cost associated with this level, we can also assume an hourly wage for the caregiver of \$15, which is the Bureau of Labor Statistics 2007 average estimate of all occupations in home health care services category. ⁱⁱ
Apparel	\$81	
Entertainment	\$126	
Personal care products/services	\$32	Category national averages total from the CES , for 2005 in May 2008 dollars for 1 individual using CPI category values
Household operations	\$33	
Housekeeping supplies	\$70	
Health care for dependents	N/A	
Total monthly benefit payment (low and high options)	\$1,898 to \$4,840	

Source: DoD Basic Allowance for Housing for 2008; Official USDA Food Plans, Cost of Food at Home at Four Levels, U.S. Average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

ⁱⁱ U.S. Department of Labor, Bureau of Labor Statistics. (2008). *May 2007 National Industry-Specific Occupational Employment and Wage Estimates: NAICS 621600 - Home Health Care Services*. Retrieved July 3, 2008, from http://www.bls.gov/oes/current/naics4_621600.htm

Scenario Nine (Independent Living) – Veteran is rated 80% disabled, is age 54, has 1 dependent, lives in the Dallas, TX area, and left the military as an E-4.

Table VII-18. Scenario Nine - Estimated Current Veterans' Disability Compensation and VR&E Subsistence Allowance

Scenario Nine (Independent Living)		
	All Eligible Veterans (Includes GWOT)	GWOT Only
Total veterans	22,148 eligible/entitled applicants in CWINRS	299 eligible/entitled applicants in CWINRS with a GWOT code
Five most common primary diagnoses of:	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Major depressive disorder • Diabetes mellitus • Arteriosclerotic heart disease • Hearing loss 	<ul style="list-style-type: none"> • Post-traumatic stress disorder • Sleep apnea syndromes • Major depressive disorder • Loss of use of both feet • Brain disease due to trauma
Dependents	Approximately 1 (assumed to be 1 child for the purposes of illustrating scenario)	
Average Age	53.5 years	35.8 years
CDD	80% (rounded from 80.9)	90% (rounded from 85.7)
Average Monthly VA Benefit Amounts		
Average Monthly VR&E Subsistence (excluding tuition and fees)	\$641	\$678
Average Monthly C&P Disability Compensation	\$3,130	\$2,321
Average Total VA Compensation	\$3,771	\$2,999

Source: CWINRS and C&P Master Record data extracts done in Spring 2008.

Table VII-19 shows a categorical breakdown of the expense components that make up the potential transition benefit payment range as well as an explanation of data sources consulted to arrive at the monthly dollar amount.

Table VII-19. Scenario Nine (Independent Living) - Monthly Benefit Payment Components

Type of Expenditure/Cost	Monthly \$	Data Source
Housing	\$1,136 (\$1,390) ⁱ	DoD BAH at the E-5 Level with 1 dependent in the Dallas, TX area
Food	\$491	USDA 2008 “Moderate-Cost Plan” Estimate of Food Prepared at Home for an Adult Male 19-50 years of age, and 1 child 9-11 years of age
Transportation	\$911	Transportation category national averages from the CES for 2005 in May 2008 dollars for 2 individuals using CPI category values
Child Care	\$118	
Caregiver expenses	\$1,300	This scenario assumes a high level of care of 20 hours per week. For the purpose of assigning a cost associated with this level, we can also assume an hourly wage for the caregiver of \$15, which is the Bureau of Labor Statistics 2007 average estimate of all occupations in home health care services category. ⁱⁱ
Apparel	\$161	
Entertainment	\$221	
Personal care products/services	\$55	Category national averages total from the CES for 2005 in May 2008 dollars for 2 individuals using CPI category values
Household operations	\$46	
Housekeeping supplies	\$121	
Health care for dependents	\$168	Category national averages total from the CES for 2005 in May 2008 dollars for 1 individual using CPI category values
Total monthly benefit payment (low and high options)	\$2,792 to \$4,982	

Source: DoD Basic Allowance for Housing for 2008; Official USDA Food Plans, Cost of Food at Home at Four Levels, U.S. Average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index, U.S. Census Bureau.

ⁱ The dollar amount shown in parenthesis is the average of eleven geographic areas as presented in Chapter V to give a better idea of costs in areas across the country. The eleven geographic areas included in the table had the highest veteran populations in the 2000 Census for metropolitan areas where veterans made up at least ten percent of the overall population. This dollar amount is used for the total monthly benefit payment amounts at the bottom of this table, the summary tables at the end of the chapter, and will be the basis for subsequent program cost calculations.

ⁱⁱ U.S. Department of Labor, Bureau of Labor Statistics. (2008). *May 2007 National Industry-Specific Occupational Employment and Wage Estimates: NAICS 621600 - Home Health Care Services*. Retrieved July 3, 2008, from http://www.bls.gov/oes/current/naics4_621600.htm

Comparison of Earnings

For comparison purposes only Table VII-20 presents an estimate of monthly military compensation the veteran previously received from DoD before discharge. The compensation presented reflects a military pay grade of E-4, which is the most frequent previous military rank for veterans in every scenario. Also presented are weekly earnings data from CPS in addition to previous military compensation data to gain a better understanding of the veterans' transition period. The CPS information gathered represents median weekly earnings before taxes and other deductions. The weekly earnings data were gathered and converted to monthly values. Available gender-specific data were weighted to reflect the 82 percent male to 18 percent female composition observed in eligible/entitled applicants in CWINRS including those in Independent Living. The study team identified age groups of 35-44 and 45-54 years because they represent the average age of VR&E participants in the scenarios defined by CWINRS data. Finally, earnings estimates are presented of respondents with some college or associate degree level of education, which is consistent with CWINRS data analysis results.⁸⁰

This information is presented for comparison purposes but is not used to adjust the amount of the proposed transition benefit.

Table VII-20. Scenario Summary Table – Previous Monthly Military Compensation and Current Population Survey National Averages by Scenario

	Scenario									
	1	2	3	4	5	6	7	8	9	
Previous Military Compensation										
Basic Pay (E-4 Level)	\$1,947	\$1,947	\$1,947	\$1,947	\$1,947	\$1,947	\$1,947	\$1,947	\$1,947	\$1,947
BAH	\$1,332	\$1,025	\$1,332	\$1,025	\$1,332	\$1,332	\$1,025	\$1,025	\$1,332	\$1,332
BAS	\$294	\$294	\$294	\$294	\$294	\$294	\$294	\$294	\$294	\$294
Previous Military Compensation Total	\$3,573	\$3,266	\$3,573	\$3,266	\$3,573	\$3,573	\$3,266	\$3,266	\$3,573	\$3,573
Current Population Survey National Averages by Scenario										
Education: Some college/associate degree (Weighted for Gender 82%Male/18% Female)										
	\$3,397	\$3,397	\$3,397	\$3,397	\$3,397	\$3,397	\$3,397	\$3,397	\$3,397	\$3,397
By CPS Age Group (Weighted for Gender 82%Male/18% Female)										
	\$3,788	\$3,788	\$3,788	\$3,788	\$3,840	\$3,840	\$3,840	\$3,840	\$3,840	\$3,840

Source: EconSys Study Team.

⁸⁰ CPS weekly earnings estimates of respondents with some college or associate degree level of education are available only for age 25 and over age group. U.S. Department of Labor, Bureau of Labor Statistics. (2008). *Weekly and Hourly Earnings Data from the Current Population Survey*. Retrieved July 10, 2008, from <http://data.bls.gov/PDQ/outside.jsp?survey=le>

Comparison of Scenarios

A comparison of the scenarios of groups in CWINRS presented in the previous section shows a wide range in the average amount of current VA payments ranging from \$998 in Scenario 2 (which had the lowest average CDD rating of any scenario) to \$4,208 in Scenario 5 (see Table VII-20 above).

Some veteran characteristics in the scenarios were similar as shown in Table VII-21. The rank of E-4 as the most frequent recent military rank was used in all scenarios. Veterans in all scenarios had very similar average education levels recorded in CWINRS, ranging from 13 to 13.5 total years.

Table VII-21. Summary of Scenarios – Comparison of Characteristics and Monthly Amounts

	Scenario								
	1	2	3	4	5	6	7	8	9
Scenario Characteristics									
CDD	50%	30%	70%	70%	100%	100%	100%	100%	80%
Type of Primary Disability	Physical Health	Physical Health	Mental Health	Mental Health	Physical Health	Mental Health	Physical Health	Mental Health	N/A – All IL disability Incl.
Number of Dependents	2	0	2	0	2	2	0	0	1
Average Age	40.6	39.0	42.3	41.5	47.1	46.2	44.5	44.8	53.5
CWINRS Count	107,176	101,726	26,309	19,649	2,809	1,069	1,177	490	22,148
Row Percent	41.16%	39.06%	10.10%	7.55%	1.08%	0.41%	0.45%	0.19%	N/A – IL Analyzed Separately
Current Average VA Payment Averages by Scenario									
Average VR&E Subsistence Allowance (excluding tuition and fees)	\$751	\$521	\$735	\$521	\$723	\$727	\$521	\$521	\$641
Average Monthly C&P Disability Compensation	\$952	\$477	\$1,444	\$1,194	\$3,485	\$3,134	\$3,359	\$2,920	\$3,130
Current VA Payments Average Total	\$1,703	\$998	\$2,179	\$1,715	\$4,208	\$3,861	\$3,880	\$3,441	\$3,771
Possible Transition Benefit Payment Range by Scenario									
Low Benefit Range (Core Expenses Only)	\$3,181	\$1,898	\$3,181	\$1,898	\$3,181	\$3,181	\$1,898	\$1,898	\$2,792
High Benefit Range (Core & All Menu Expenses)	\$4,305	\$2,240	\$4,825	\$2,760	\$6,905	\$6,905	\$4,840	\$4,840	\$4,982

Source: EconSys Study Team analysis of data from CWINRS; DoD Basic Allowance for Housing for 2008; Official USDA Food Plans, Cost of Food at Home at Four Levels, U.S. Average, March 2008; U.S. Department of Labor, U.S. Bureau of Labor Statistics, Consumer Expenditures in 2005, Consumer Price Index; U.S. Census Bureau, Current Population Survey.

Additionally, the average age of veterans in the scenarios who were not receiving A&A or Housebound allowances was similar, ranging from 39.0 to 42.3, while the average age in the scenarios where the veteran were receiving A&A or Housebound allowances were slightly older averaging from 44.5 to 47.1 years. Individuals in Scenario 9, who were in

Independent Living, had an average age of 53.5 years. Because these veterans had similar characteristics, the associated average earnings data the EconSys Study Team gathered from CPS based upon categories for education level (\$3,397 per month) and age (\$3,788 to \$3,840 per month) were also comparable. Finally, the average previous military compensation and allowances by scenario were similar with differences resulting from different BAH due to the number of dependents.

Considering previous military compensation and CPS income averages as reference points, we find that the two reference points are very similar and that the low benefit levels are similar to the reference points except for scenarios in which the veteran has no dependents. Thus, the low benefit level for Scenarios 2, 4, 7, and 8 would be considerably less than the reference points would be for Scenario 9 in which the veteran has one dependent.

Scenarios 1 and 2 comprise slightly over 80 percent of applicants to VR&E who were found to be eligible/entitled (excluding IL participants) whose average combined degree of disability is 50 and 30% respectively. Additionally, Scenarios 1 and 2 have the lowest current VA average total monthly payments at \$1,703 and \$998, respectively. Scenarios 5 through 8 have the highest current VA average total monthly payments ranging from \$3,441 for Scenario 8 and \$4,208 for Scenario 5. Additionally, the average CDD ranges in Scenarios 5 through 8 are very small, beginning with 97.8 percent for Scenario 5 and concluding with 98.6 percent for Scenario 6, thus bringing the rounded average CDD for veterans in Scenarios 5 through 8 to 100%. Scenarios 5 through 8 only comprise approximately two percent of the total number of eligible/entitled applicants to VR&E (excluding IL). The CDD for veterans in Scenarios 3 and 4 averages to 70 percent, and these veterans account for approximately 18 percent of the total CWINRS scenario population. Their current VA payments average total is between the maximum payment for Scenarios 1 and 2 and the lowest payment for Scenarios 5 through 8. In Scenarios 3 and 4 the current total VA payments average \$2,179 and \$1,715, respectively.

Average age and number of dependents do not vary substantially across the scenarios. Scenario average age varies from 39.0 for Scenario 2 to 47.1 for Scenario 5. There is little variation in age within and between Scenarios 1 and 2. The average age of veterans in Scenarios 5 through 8 varies from a low of 44.5 for Scenario 7 to 53.5 for Scenario 9. Dependents appear in Scenarios 1, 3, 5 and 6, and 9. There are two dependents for each of these scenarios except for Scenario 9 which has only one dependent.

Finally, the type of primary disability, physical or mental health, splits evenly at four and four for non-Independent Living tracks in CWINRS. Scenarios 1, 2, 5, and 7 have physical health as their type of primary SCD while the remaining four have mental health.

The average age of veterans portrayed in these CWINRS scenarios is 39 and older with seven of the eight scenarios having an average age of 40 or older. In other words, currently these are not all 18 to 22 year old veterans coming back from the Gulf War. Additionally, we see that on average slightly older veterans are presented in Scenarios 5 through 8, whose average CDD is 100%. There is almost an equal division regarding type of primary disability, three physical and four mental health, for those scenarios rated at

an average CDD of 50% and above. Almost 40 percent of the CWINRS scenario population has an average CDD of 30%. Finally, higher current VA payments occur with 100% CDD.

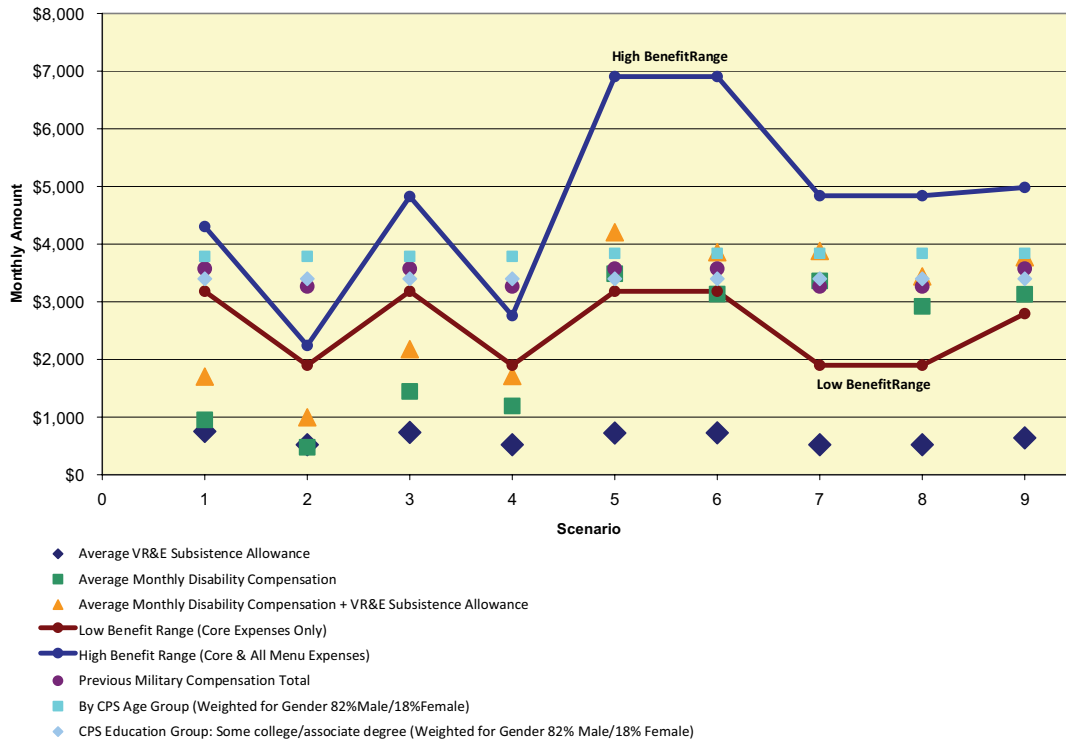
Perhaps the most important or surprising finding from the scenario comparison analysis is that of average age. There is a preponderance of older aged veterans currently participating in the VA's VR&E program. This is important from three standpoints. First, is a transition benefit appropriate for older veterans, that is, what is the transition these individuals are experiencing? Second, what are the characteristics of the next generation of veterans who will populate the VR&E Program, and what are the implications regarding future vocational rehabilitation participation? Third, what does it mean for vocational rehabilitation and future transition payments as current veterans in vocational rehabilitation continue to age and the typically younger Gulf War veterans become a larger proportion of the VR&E participant population?

Figure VII-1 displays the calculated monthly dollar amounts from the nine scenarios. The points for the lower potential transition benefit (core expenses only) and higher (core plus optional menu expenses) amounts are connected by dashed lines to outline the transition benefit range for each scenario. In all scenarios, the average current VR&E subsistence allowance received by the veteran is less than one-half of the lowest potential transition benefit payment amount.

The number of dependents has the largest influence on the transition benefit amount. The scenarios where the veteran did not have any dependents (Scenarios 2, 4, 7, and 8) had lower ranges than the rest of scenarios where the veteran had dependents. The figure above shows clearly that in Scenarios 1 through 4 current VA average total payments are substantially below both previous military compensation totals and CPS earnings calculations. In Scenarios 5 through 8, veterans' current VA average total payments fare much better against both previous military compensation totals and CPS earnings calculations. The addition of core and core plus all menu expenses clearly benefits those veterans in Scenarios 1 through 4.

Whether VA pays the transition benefit in addition to current VA payments or instead of current VA payments for disability compensation and subsistence has importance for the administration of the transition benefit program. VA's decision would impact veterans' living standards with respect to both previous military compensation and CPS earnings calculations. Not subtracting current VA average total payments in Scenarios 2 and 4 from the transition benefit brings the income of veterans much closer to their previous military compensation and CPS earnings calculations. Not subtracting the current VA total payments from the transition benefit for those veterans in Scenario 1 and 3 significantly raises their total payments above both previous military pay and CPS earnings calculations. Similar situations apply in Scenarios 5 through 9. The addition of high or low benefit ranges to current VA average total payments raises the income of those veterans substantially above both previous military compensation and CPS earnings calculations.

Figure VII-1. Comparison of Monthly Amounts by Scenario



Source: CWINRS and C&P Master Record data extracts done in Spring 2008, www.defenselink.mil, and the cost information accumulated from the Consumer Expenditure Survey and DOL, HUD, USDA, and CPS surveys cited earlier.

VIII. ANALYSIS OF SUBSISTENCE ALLOWANCE PAYMENTS

Cohort Analysis of Subsistence Allowance Payments

The previous chapter with nine scenarios presented average subsistence allowance payments and possible new transition benefit payments for several different scenarios. This section addresses the duration of benefits to veterans with service-connected disabilities who receive Chapter 31 benefits.

The objective of this analysis is to focus on the behavior of the Vocational Rehabilitation & Employment (VR&E) applicants in terms of the timing and extent of their participation that affects the subsistence allowance payments that they received in the past in order to estimate the likely duration of a possible transition benefit in the future. While the previous chapter is focused on the amount of the monthly payment that an individual receives, this chapter considers the quantity side of the cost equation as it is affected by number of participants, the timing of their participation, and the duration. This analysis then serves as a baseline for assessing reasonable what-if's for the policy options discussed later in this report. Since the transition benefit payment would be greater than the current subsistence allowance, we expect that an analysis of participation under the current VR&E program represents a minimum level. If the subsistence allowance is replaced by a greater benefit, eligible veterans would have greater incentive to participate to a greater extent.

Estimating the expected amount of these transition benefits can be addressed, in part, by examining the amount and frequency of subsistence allowance payments that historically have been paid by the VR&E program to veterans who were determined to be both eligible and entitled for services. The determination of such benefit payments requires a longitudinal tracking of benefit payments received over the entire period the veteran is eligible to receive such transition benefits. Under normal circumstances, an entitled veteran with a service-connected disability (SCD) may receive 48 months (96 months if attending at half-time rate) of subsistence allowance payments spanning a 12-year period following the date the veteran was first notified by VA of a service-connected disability. The 12-year period may be waived for a veteran who is determined to have a Serious Employment Handicap (SEH). Thus, estimation of the total amount of transition benefit payments paid by the Veterans Benefits Administration (VBA) requires tracking such benefit payments for individuals over a 12-year time frame.

The EconSys Study Team conducted such an analysis for the 1992 cohort of VR&E applicants. That is, we analyzed all subsistence allowance payments for 1992 applicants for the 12-year period that they were eligible and entitled to participate in the

program.⁸¹ This data set provides a complete picture of the temporal pattern of subsistence allowance payments provided by VA. Our analysis indicates that a significant percentage of benefit payments take place many years after initial enrollment in VR&E as we show in the tables that follow.

There were a total of 39,309 applicants for Chapter 31 benefits in 1992. Some 25,000, or five out of every eight applicants, did not receive any Chapter 31 subsistence allowance awards due to their: (1) withdrawing prior to eligibility determination, (2) being declared ineligible or not entitled to Chapter 31 benefits, or (3) dropping out from the VR&E Program prior to receipt of an award. VR&E reported that 14,115 veterans received at least one subsistence allowance payment over the 12-year period.

Table VIII-1 provides a time profile of Chapter 31 subsistence allowance awards received annually from 1992 through 2003. The first 12 columns detail the awards and VR&E services for each year that they are provided while the 12th column only includes awards and VR&E services for the first six months of 2003. The last column, labeled “Total,” provides information about the cumulative amount of awards for the entire 12-year interval.

⁸¹ The data set includes demographic information and some military experience and also tracks progression through the various stages of the VR&E Program Services. Veterans are categorized by year of initial application for Chapter 31 benefits for the years 1991 through mid 2003. The present analysis of subsistence allowance payments focuses on the 1992 application cohort. The data set tracks these veterans from initial application in 1992 through mid 2003 including possible interruption/discontinuation and subsequent re-entry. Thus, this data set covers 11.5 of the 12 years of potential program eligibility and includes no information concerning possible waivers of the 12-year limit. **{Version 1: All 1992 applicants}** Of the 39,309 veterans whose initial application was in 1992, 34,618 (88 percent) of them went into a “services interrupted” or “discontinued status” at least once during that period. Of these, 3,022 (nine percent) reentered the program by mid 2003. **{Version 2: 1992 applicants receiving an award }** Of the 14,115 veterans whose initial application was in 1992 and who received subsistence allowance payments, 11,234 (80 percent) of them went into a “services interrupted” or “discontinued status” at least once during that period. Of these, 2,615 (23 percent) reentered the program by mid 2003.

Table VIII-1. Subsistence Allowance Payments over 12-Year Eligibility Timeframe for 14,115 VR&E Applicants in 1992 Found to be Entitled to VR&E Services

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Number of Individuals with Award(s)	1,950	7,075	7,784	6,705	5,326	3,894	2,694	1,976	1,537	1,334	1,153	831	14,115
Percent of Individuals with Award(s)	13.8%	50.1%	55.1%	47.5%	37.7%	27.6%	19.1%	14.0%	10.9%	9.5%	8.2%	5.9%	
Average Number of Months in Calendar Year Payments were Received	3.5	3.9	4.6	4.6	4.4	4.2	4.2	4.2	4.1	4.2	4.2	4.6	12.8
Subsistence Allowance (in nominal dollars)ⁱ													
Annual Average for 1992 Cohort	\$1,528	\$1,834	\$2,278	\$2,345	\$2,330	\$2,306	\$2,326	\$2,378	\$2,412	\$2,565	\$2,619	\$2,860	\$6,680
Annual Total 1992 Cohort (\$ M)	\$2.98	\$12.97	\$17.73	\$15.73	\$12.41	\$8.98	\$6.27	\$4.70	\$3.71	\$3.42	\$3.02	\$2.38	\$94.29
Percent Over 12 Year Period	3.2%	13.8%	18.8%	16.7%	13.2%	9.5%	6.6%	5.0%	3.9%	3.6%	3.2%	2.5%	100%
Cumulative Total (\$ M)	\$2.98	\$15.95	\$33.68	\$49.41	\$61.82	\$70.80	\$77.06	\$81.76	\$85.47	\$88.89	\$91.91	\$94.29	
Cumulative Percent Over 12 Years	3.2%	16.9%	35.7%	52.4%	65.6%	75.1%	81.7%	86.7%	90.6%	94.3%	97.5%	100.0%	

Source: EconSys Study Team analysis of DMDC and CWINRS data.

ⁱ Nominal dollars is the amount paid in “current” dollars for that year.

The first two rows in the table present the number of individuals and percent of the 14,115 veterans who received at least one subsistence allowance award in the given year. If a VR&E participant is engaged in VR&E at a less than full-time rate, no subsistence payment is made. Thus, receipt of a subsistence allowance only indicates the number of full-time participants and is not the total number of VR&E active participants. In examining the timing of receipt of transition benefits, only 13.8 percent of 1992 applicants started receiving Chapter 31 subsistence allowance payments in 1992, the same calendar year as they applied for VR&E services. Moreover, only half of the 1992 applicant cohort entitled to benefits received any subsistence allowance awards in 1993. The subsequent year of 1994 was when the largest share of the 1992 veterans, about 55 percent, received at least one subsistence allowance award. There was then a steady decline in the award receipt rate, falling to less than 10 percent by 2001.

The third row entry provides the average number of months that this group received subsistence allowance payments. The average number of months of subsistence allowances for these veterans ranged from only 3.5 to 4.6 months annually. This period corresponds roughly with attending one semester of college training per year. Interestingly enough, the years for these minimum and maximum number of months are 1992 and 1994, the same as when the least and highest number of veterans received awards. Veterans received an average total of only 12.8 months of subsistence allowance payments during the entire time that they were enrolled in the Chapter 31 program.

The next series of rows in Table VIII-1 pertain to the actual dollar amount of subsistence allowance payments to veterans who ever received a Chapter 31 subsistence allowance. These amounts are reported in nominal dollars (that is, the amount paid in “current” dollars for that year) and thus are not adjusted for inflation that occurred over the 12-year period. The first year in which all veterans, having applied to VR&E at some point in 1992, received a full year of subsistence allowances was 1993. Annual Chapter 31 payments totaled \$1,834 for the 50 percent of veterans who received at least one award during that first full year (1993). These annual payments jumped to \$2,278 in 1994. Since this amount was received over 4.5 months the average monthly subsistence allowance for 1994 was roughly \$500. Annual payments then increased by nearly \$600 from \$2,278 to \$2,860 in the following nine years. By 2002, the last full year for which payments were available, the average amount of subsistence allowances totaled \$2,619. As the “Total” column indicates the average amount of subsistence allowance payments to all 14,115 veterans over the 12-year period was \$6,680. This figure reflects the best available information about the amount of “transition benefits” paid to veterans with service-connected disabilities through the Chapter 31 program.

In addition to the individual average amounts received subsequent row entries provide: (1) the total annual payments (in millions of dollars) by VR&E to all veterans receiving awards for that year (including veterans who are not part of the 1992 cohort sample used in the above analysis), (2) the percentage of cumulative payments over the 12-year

interval that each year's payments comprises, (3) the cumulative total subsistence payments through the end of each year, and (4) the cumulative share of total subsistence allowance payments as of the end of each year. This information contributes to determining the cost of a new transition benefit program.

The total subsistence allowance payments made to all veterans receiving Chapter 31 benefits in 1994 was roughly \$17.73 million. This is the year when the largest percentage share of total subsistence allowance payments for the 1992 cohort occurred (18.8 percent). This figure represents 18.8 percent of the \$94.29 million (from the "Total" column) in total subsistence allowance payments made over the 12 years to all 14,115 veterans. The next row entry, \$33.68 million, is the cumulative amount of subsistence allowance payments made from 1992 to 1994. This amounts to 35.7 percent of the total of \$94 million. By 1996, five years after application, only 65.6 percent of the \$94.29 million in total subsistence allowance payments for the 1992 applicant cohort had been made. VA made the remaining one-third of subsistence allowance payments to the 1992 cohort during the 6- to 12-year time period after initial application.

Subsistence Allowance Payments by Medical Discharge Status and Combined Degree of Disability

Given the background for this study and the heightened interest in veterans with disabilities returning from the Iraq and Afghanistan wars, the study team investigated the subsistence allowance payments with respect to the veteran's discharge status at the time of release from active military duty. In particular, we examined those payments made to veterans who received a medical discharge from service. We also further divided the analysis by the combined degree of disability (CDD) rating levels of the veterans.

There are approximately 85 different reason codes captured in the Defense Manpower Data Center (DMDC) files for which at least 2 veterans were separated from the military.⁸² These separation codes were re-classified into six different categories: (1) Normal, where the veteran's term of enlistment ended or they retired after 20 or more years of service; (2) Early, which occurs because the veteran was not retained, returned to school, due to the national interest, or other reason; (3) Medical, ranging from a weight problem to a permanent disability; (4) Behavioral, due to factors such as alcoholism or drugs, unsatisfactory performance; (5) Other; and (6) Unknown.

The frequency distribution for these six categories of reasons for separation for the roughly 500,000 applicants for Chapter 31 benefits between 1991 and mid-2003 are provided in Table VIII-2. Of particular relevance is the distribution for the 1992 applicant cohort provided in the second column. The first row entry indicates the percentage of records from the Chapter 31 Master Record that were matched with the DMDC record

⁸² Records from the Chapter 31 Master Record were matched with the DMDC record based on Social Security Number and year of most recent release from active duty.

at the time of latest release from active duty. Seventeen percent of the 1992 applicant cohort did not have a matching DMDC record. DMDC records are not believed to be accurate for discharges prior to 1980. Normal separation (expiration of term of service or retirement after 20 years or more) is the most prevalent reason for release from active duty, occurring in 38 percent of the cases for the 1992 applicant cohort. Medical separation accounted for the second highest frequency at 36 percent; Early, Behavioral, Other, and Unknown separation codes accounted for the remaining 25 percent. The percent of Medical separations steadily declined from 36 percent in 1992 to 28 percent in 1997, down to only 8 percent for the 2002 applicant cohort. Overall, one-fourth of the separations from 1992 to 2003 from the military were for medical reasons.

Table VIII-2. Reason for Separation from the Military for VR&E Applicants from 1992 to mid-2003, Stratified by Year of Application to VR&E for Chapter 31 Benefits

	All Years	1992	1997	2002	Other Years (1993-95, 1998-2001, 2003)
Total Number of VR&E Applicants	490,953	39,309	40,327	40,617	370,700
Percent Matched by DMDC	82%	83%	83%	77%	83%
Normal Separation	40%	38%	48%	25%	41%
Early Separation	11%	12%	9%	12%	12%
Medical Separation	25%	36%	28%	8%	26%
Behavioral Separation	9%	7%	9%	14%	9%
Other Separation	6%	3%	5%	10%	6%
Unknown	8%	4%	1%	32%	7%

Source: EconSys Study Team analysis of DMDC and CWINRS data.

The one-fourth of separations from military due to medical reasons, which corresponds to 101,980 veterans who applied for VR&E services from 1992 through mid-2003, was further analyzed by the study team. We examined only that sub-set of medical discharges with a discharge reason of either “disability with severance pay” or “permanent disability retirement.”⁸³ The number of individuals with those two discharge reasons totaled 63,453 for all applicants during the years 1992 through mid-2003. Of this group of 63,453 applicants, 7,107 applied for Chapter 31 benefits in 1992.

The study team further stratified these medical discharges from the 1992 application cohort according to the initial CDD rating as determined by VA at the time when the veteran applied for Compensation and Pension (C&P) disability benefits. As seen in Table VIII-3, Panel A included 4,686 individuals with an CDD rating of less than 50% who applied in 1992, and Panel B included 917 individuals with a CDD rating of 50% or higher

⁸³ There were 38,507 veterans discharged for the following five medical reasons: 1) condition existed prior to service (3,601 cases), 2) disability but no severance pay (1,035 cases), 3) failure to meet weight or body fat standards (3,395 cases), temporary disability retirement (28,993 cases), and unqualified for active duty – other (1,503 cases).

who applied in 1992.⁸⁴ Table VIII-3 has three panels (A, B, and C) that present the same information provided in Table VIII-1, divided into three groups:

- Panel A consists of veterans with a medical discharge and less than 50% CDD rating;
- Panel B consists of veterans with a medical discharge and a 50% or greater CDD rating; and
- Panel C consists of the 25,379 veterans with an CDD rating but who were discharged for reasons other than those defined by the study team as being a medical discharge.

⁸⁴ There were another 1,504 cases with a medical discharge that did not have an SCD rating recorded on the Chapter 31 Master Record. While most of these veterans either withdrew, were not eligible or entitled to benefits, or dropped out prior to receiving a subsistence allowance payment, there were 122 veterans in this category that did receive at least one subsistence allowance payment in the 11.5 year period from 1992 to mid-2003. The cost of subsistence allowance payments to this group totaled \$860,000 over this period.

Table VIII-3. Subsistence Allowance Payments for VR&E Applicants in 1992, Stratified by Medical Discharge Status

Panel A: 4,686 Veterans with a Medical Discharge and Less than a 50% CDD Rating

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Number of Individuals with Award(s)	329	1,207	1,437	1,272	1,070	785	557	404	322	294	255	191	2,585
Percent of Individuals with Award(s)	12.7%	46.7%	55.6%	49.2%	41.4%	30.4%	21.5%	15.6%	12.5%	11.4%	9.9%	7.4%	
Average Number of Months for the Year	3.55	4.09	4.71	4.76	4.58	4.38	4.16	4.17	4.20	4.42	4.25	4.77	13.90
Subsistence Allowance (Nominal Dollars)													
Annual Average for 1992 Cohort	\$1,544	\$1,881	\$2,332	\$2,443	\$2,427	\$2,382	\$2,319	\$2,384	\$2,522	\$2,809	\$2,722	\$3,081	\$7,303
Annual Total 1992 Cohort (\$ Million)	\$0.51	\$2.27	\$3.35	\$3.11	\$2.60	\$1.87	\$1.29	\$0.96	\$0.81	\$0.83	\$0.69	\$0.59	\$18.88
Percent Over 12-Year Period	2.7%	12.0%	17.8%	16.5%	13.8%	9.9%	6.8%	5.1%	4.3%	4.4%	3.7%	3.1%	100%
Cumulative Total (\$ Million)	\$0.51	\$2.78	\$6.13	\$9.24	\$11.83	\$13.70	\$15.00	\$15.96	\$16.77	\$17.60	\$18.29	\$18.88	
Cumulative Percent Over 12 Years	2.7%	14.7%	32.5%	48.9%	62.7%	72.6%	79.4%	84.5%	88.8%	93.2%	96.9%	100%	

Panel B: 917 Veterans with a Medical Discharge and a 50% or Higher CDD Rating

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Number of Individuals with Award(s)	49	203	225	208	186	152	125	105	89	66	59	41	475
Percent of Individuals with Award(s)	10.3%	42.7%	47.4%	43.8%	39.2%	32.0%	26.3%	22.1%	18.7%	13.9%	12.4%	8.6%	
Average Number of Months for the Year	4.02	4.05	4.44	4.33	4.08	4.29	4.52	4.14	3.44	4.17	4.81	5.17	13.48
Subsistence Allowance (Nominal)													
Annual Average for 1992 Cohort	\$1,775	\$1,884	\$2,222	\$2,250	\$2,145	\$2,349	\$2,474	\$2,318	\$1,978	\$2,456	\$2,978	\$3,171	\$7,137
Annual Total 1992 Cohort (\$ Million)	\$0.09	\$0.38	\$0.50	\$0.47	\$0.40	\$0.36	\$0.31	\$0.24	\$0.18	\$0.16	\$0.18	\$0.13	\$3.39
Percent Over 12-Year Period	2.6%	11.3%	14.8%	13.8%	11.8%	10.5%	9.1%	7.2%	5.2%	4.8%	5.2%	3.8%	100.0%
Cumulative Total (\$ Million)	\$0.09	\$0.47	\$0.97	\$1.44	\$1.84	\$2.19	\$2.50	\$2.75	\$2.92	\$3.08	\$3.26	\$3.39	
Cumulative Percent Over 12 Years	2.6%	13.8%	28.6%	42.4%	54.2%	64.7%	73.8%	81.0%	86.2%	91.0%	96.2%	100.0%	

Source: EconSys Study Team analysis of DMDC and CWINRS data.

Table VIII-3. Subsistence Allowance Payments for VR&E Applicants in 1992, Stratified by Medical Discharge Status (continued)

Panel C: 25,379 Veterans with Non-Medical Discharges		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Number of Individuals with Award(s)		1,260	4,594	5,064	4,367	3,452	2,511	1,745	1,281	985	846	727	512	9,135
Percent of Individuals with Award(s)		13.8%	50.3%	55.4%	47.8%	37.8%	27.5%	19.1%	14.0%	10.8%	9.3%	8.0%	5.6%	
Average Number of Months for the Year		3.48	3.93	4.53	4.51	4.37	4.15	4.12	4.16	4.13	4.14	4.22	4.42	12.70
Subsistence Allowance (Nominal)														
Annual Average for 1992 Cohort		\$1,552	\$1,844	\$2,283	\$2,338	\$2,332	\$2,281	\$2,309	\$2,378	\$2,438	\$2,506	\$2,602	\$2,769	\$6,665
Annual Total 1992 Cohort (\$ Million)		\$1.96	\$8.47	\$11.56	\$10.21	\$8.05	\$5.73	\$4.03	\$3.05	\$2.40	\$2.12	\$1.89	\$1.42	\$60.89
Percent Over 12-Year Period		3.2%	13.9%	19.0%	16.8%	13.2%	9.4%	6.6%	5.0%	3.9%	3.5%	3.1%	2.3%	100.0%
Cumulative Total (\$ Million)		\$1.96	\$10.43	\$21.99	\$32.20	\$40.25	\$45.98	\$50.01	\$53.05	\$55.46	\$57.58	\$59.47	\$60.89	
Cumulative Percent Over 12 Years		3.2%	17.1%	36.1%	52.9%	66.1%	75.5%	82.1%	87.1%	91.1%	94.6%	97.7%	100%	

Source: EconSys Study Team analysis of DMDC and CWINRS data.

A significantly larger portion of individuals having a medical discharge received a subsistence allowance at some point over the 12-year tracking interval (1992 to mid-2003). Using the numbers from the last column of Table VIII-3 divided by the total number in each of the three 1992 cohort sub-groups revealed that 55.2 percent and 51.8 percent of those veterans with a medical discharge and having a CDD rating of above and below 50%, respectively, ever received a subsistence allowance payment. In contrast, 36 percent of those discharged for other, non-medical reasons ever received a subsistence allowance payment between 1992 and mid-2003.

Given that a payment was ever received, the specific year in which the greatest share of veterans received a subsistence allowance payment was, once again, 1994 for all three 1992 cohort sub-groups. In Panels A and C the percent of individuals who received an award (shown in the second row) indicates that over 55 percent of individuals with and without a medical discharge who had less than a 50% CDD rating received subsistence allowance payments in this year (1994). In contrast, only 47 percent of individuals with a CDD rating of 50% or greater received a subsistence allowance payment in 1994.

There is relatively little variation across these three 1992 cohort sub-groups in terms of number of months of subsistence allowance payments received annually. As the third row entry in each panel indicates, veterans receive about four months of payments annually during *each* of the 12 years in which they could potentially receive benefits. This is not surprising given that the vast majority of Chapter 31 subsistence allowance payments are provided for college training, which is distributed over semesters, which generally last four months. However, there is a slight difference in the total number of monthly benefit subsistence allowance payments received over the entire 12-year eligibility period. Veterans with a medical discharge and an CDD rating less than 50% received a total of 13.9 monthly award payments, which translates to approximately two weeks more than the 13.5 months received by medically discharged veterans with an CDD rating 50% or higher. Veterans with other, non-medical discharge reasons received only 12.7 monthly awards.

There is also relatively little variation in the annual amount of subsistence allowance payments across these three 1992 cohort sub-groups for the years 1992 to 2003. Indeed, for most years there is less than \$300 difference in annual payments received. Not surprisingly, veterans without a medical discharge, who received the least number of monthly awards, received the lowest amount of total payments at \$6,665. Over the same period, the medically-discharged veterans with less than a 50% CDD rating received \$7,303 while individuals with a CDD rating 50% or greater received \$7,137.

Since individuals with medical discharges with an CDD rating less than 50% (Panel A) and with a rating 50% or higher (Panel B) received higher average subsistence allowance payments than individuals with non-medical discharge reasons, individuals with medical discharges received a larger monetary share of the total subsistence allowance paid out by VBA over the entire 12-year period. Although these individuals comprised only 18 percent of the overall three-panel sample, payments to these two groups totaled \$18.88 million (Panel A) and \$3.39 million (Panel B). These payments accounted for

approximately 26.7 percent of the total subsistence payments of \$83.16 million over the 12 year cohort period.⁸⁵

A final distinction to be drawn between veterans with medical discharges and veterans with non-medical discharge reasons is that subsistence allowance payments for the latter group occurred predominantly in the early years of the 12-year period after initial application. Almost two-thirds (66.1 percent) of the total \$60.89 million in subsistence allowance payments to veterans with non-medical discharges were paid out between 1992 and 1996, that is, within five years of application. In contrast, only 62.7 percent and 54.2 percent of total subsistence allowance payments were expended within the same 5-year period for those veterans medically discharged, having CDD ratings below 50% and ratings 50% or above, respectively. Clearly, the duration of transition benefits depends on the nature of the veteran's discharge from the military and the severity of his or her service-connected disability.

⁸⁵ Note that this \$83.16 million, which is the sum of the three panels, is lower than the \$94.29 million provided in Table 1. The discrepancy exists because Table 3 does not include the expenditure for the 6,523 veterans without a DMDC record and the 1,504 veterans with a medical discharge but not reporting an SCD rating on the Chapter 31 Master Record (see the previous note).

IX. POLICY CONSIDERATIONS AND OPTIONS

Decisions as to whether to establish a transition benefit for veterans with disabilities participating in vocational rehabilitation (VR), what the amount and duration of the benefit will be, and which veterans will receive the benefit should all be made in the context of the intent of the benefit. The President's Commission on Care for America's Returning Wounded Warriors (Dole-Shalala) and the Veterans' Disability Benefits Commission (VDBC) both made recommendations related to transition benefits. Both wanted to provide incentives for greater participation and higher completion rates in VA's Vocational Rehabilitation and Employment (VR&E) program.

Should the benefit be limited to those found eligible and beginning participation in the VR&E program within a short period of time after discharge? Should it be open to all participants regardless of date of discharge? Should it be restricted to the more severely disabled or open to individuals at all levels of service-connected disability?

The Econsys Study Team was instructed to focus on those veterans participating in VR&E. Since 47 percent of applicants (245,204 of 522,492 applicants) in the CWINRS database as of April 2008 were found to be not eligible or entitled for the program, we focused on those found eligible and entitled. The description of these eligible/entitled veterans that follows is based on the CWINRS data unless otherwise stated.

The VR&E program includes two basic groups of veterans: (1) individuals participating in a plan of Independent Living (IL) services and (2) individuals participating in all other VR&E training and education programs. These two very different populations are addressed separately.

The scenarios presented earlier in this report (see Chapter VII) provide a comparison of a low benefit option that covers only core living expenses and a high benefit option that covers the core expenses plus an array of optional menu expenses. The scenarios also describe certain characteristics of VR&E participants in terms of combined degree of disability (CDD), type of primary diagnosis, and number of dependents. This information then provides a basis for describing the larger population represented by a given scenario.

Another criterion for defining the eligible/entitled population for a transition benefit could be based on those service-connected disabled (SCD) veterans who elect to apply within a certain time frame after discharge from the military or after receiving the initial combined degree of disability rating. The motivation for this approach is to encourage earlier application and entry into vocational rehabilitation. Certain VR programs in Europe, for example, have features built into them to provide financial incentives for early entry into the program.

The goal for participants in VR&E is either to obtain employment or, if in the IL track, to acquire skills to live independently. These ultimate objectives are usually not achieved immediately upon completion of a VR&E program. This is similar to what many college graduates who were never in the military experience; graduates often do not have

employment lined up at the time of graduation. An additional three-month benefit would allow for the traditional “post-graduation” job search to take place. Therefore, we recommend extending the long-term living expenses portion of the transition benefit for three months beyond VR&E completion to provide incentive and support for the veteran to obtain employment. A three-month extension is included in the estimated costs in the next chapter.

Assessing the extent to which a potential transition benefit would increase the likelihood that veterans with disabilities would increase participation and completion in the program requires multiple approaches. The study team undertook three approaches: reviewing the literature of return-to-work initiatives in general, assessing the current and past VR&E participants’ experiences, and reviewing initiatives in VR&E and other programs.

The consensus that has emerged in the literature on vocational rehabilitation and workers’ compensation over the past several decades is that early identification and intervention after a worker is injured is often the critical factor in the return-to-work outcome.⁸⁶ Getting individuals into such programs is therefore a desirable aim, and there are many ways to encourage participation in a vocational rehabilitation program.

Analysis of current and past participation patterns in VR&E indicates that veterans with disabilities in general do not apply for and enter into VR&E immediately upon military separation and that higher severity levels of disability tend to lengthen that time period. Implementation of a transition benefit that provides living expenses for veterans and their families while a veteran participates in VR&E is expected to result in some increased participation in the program for veterans with disabilities (whose health conditions do not prevent them from starting rehabilitation services or independent living services promptly upon discharge from the military).

The program costs in Chapter X are developed using this information to achieve the best estimate possible of how many eligible veterans with disabilities who would not otherwise apply will apply for VR&E as a result of a transition benefit. This information is also used to estimate how much longer veterans will stay in the program and how much the frequency and length of program interruption will be reduced by alleviating the pressure or stress related to finding a way to meet family living expenses.

Major Factors to be Considered

The study team developed policy options to provide a range of choices related to factors such as family living expenses, medical discharge, severity of disability, and time since discharge or SCD awarded.

⁸⁶ Committee of the American College of Occupational & Environmental Medicine. (2005). *Preventing Needless Work Disability by Helping People Stay Employed, Stay-at-Work & Return-to-Work*.

Family Living Expenses

In Chapter V allowances for the veterans' family living expenses were developed in a low range that includes housing, food, and transportation and a high range that adds an optional menu of expenditures such as apparel, entertainment, household expenses, and family health care. In addition, the optional menu of expenditures includes "as needed" items that may be appropriate for select individuals with disability-related costs such as care giving and child care. Family living expenses increase as the number of dependents increase and may have a direct influence on the amount of the transition benefit.

Medical Discharge

During the seven-year period from 2000 through 2006, approximately 83,000 service men and women were medically separated or retired by the Department of Defense (DoD),⁸⁷ which is roughly 12,000 each year. About 4,100 of the medically separated/retired applied for and were found eligible and entitled for VA's VR&E services each year. As cited in Chapter VI, medically separated/retired service members make up about 16 percent of eligible applicants for the VR&E program. On average, nearly 300 of the 4,100 were rated 70% disabled or higher by VA. This group of severely injured individuals was the focus of the Dole-Shalala Commission, as evidenced by their recommendations.

Severity of Disability

As shown in Chapter VI, from 2002 to 2007, an annual average of 24,596 veterans applied for and were found by VA to be eligible/entitled to vocational rehabilitation. Of this group, 51 percent had a CDD of less than 50%, 22 percent had a 50% or 60% CDD, and 27 percent had a 70% to 100% CDD. Eight percent of eligible/entitled applicants are in the IL track of the VR&E program. Of individuals in Independent Living, 82.5 percent were rated 70% or higher (43.4 percent were rated 70-90% and 39.1 percent were rated 100%).⁸⁸

Time Since Discharge

VR&E has traditionally provided outreach to exiting service members through DTAP and has recently greatly expanded outreach, providing outreach through the VR&E Coming Home to Work Program. Among the VR&E applicants contained in the 2008 CWINRS data extract who were found to be eligible/entitled, the average number of years from military discharge to VR&E application has been 10 and the median has been 5. Individuals applying 10 or more years after military discharge comprise 35 percent of eligible applicants. However, 40 percent applied within 2 full years of discharge.

⁸⁷ *VDBC*, p. 349.

⁸⁸ *EconSys Study Team analysis of CWINRS data.*

Discussion

Excluding veterans who were found to need IL services, eligible/entitled applicants fell into three large groups: (1) individuals who applied between a date prior to release from military and within the first 2 full years after discharge (40 percent), (2) individuals who applied from 3 to 10 years after discharge (25 percent), and (3) individuals who applied more than 10 years after discharge (35 percent). Analysis described in Chapter VI of applicants who were medically separated/retired indicated that individuals who were less severely disabled applied within the first 3 years of discharge; however the elapsed time before applying to VR&E increased as severity of disability increased. For example, individuals rated 100% did not apply for VR&E until an average of 8 years after discharge. This suggests that the more severely disabled individuals may not be ready to enter a vocational rehabilitation program until after several years of recovery and adjustment. Veterans may wait to apply for VR&E for a number of reasons. Veterans with severe disabilities who become IL participants may initially be able to pursue vocational goals, but the worsening of their disabling conditions, age-related changes, or alterations in their life circumstances may ultimately necessitate IL services.

The ongoing restructuring of the DoD Disability Evaluation System and the VA Disability Compensation Program is discussed in Chapter III and may result in significant improvements for individuals found medically unfit for continued military service. This restructuring is intended to eliminate duplication of medical examinations and ratings so that DoD decides only fitness for duty and VA alone rates all conditions. The service members remain on active duty during the most significant portion of medical rehabilitation so maximum medical improvement (MMI) may have been achieved. Assuming that the VA rating has been completed before separation, payment for disability compensation can begin with little or no gap in the individual's income stream. Evaluation and planning for vocational rehabilitation can also be completed while on active duty and the service member could actually begin participating in VR&E if he or she is ready. These efforts could reduce or eliminate any delay or gap in funds between last receipt of military pay and first payment of VA compensation and/or, if established, transition benefits. However, results of the pilot process are not available at the time of this report.

Individuals eligible for VR&E services and benefits who were not medically discharged (84 percent of those eligible/entitled) received their initial SCD rating 3.4 years, on average, after discharge and applied for VR&E 5.7 years, on average, after discharge.

Individuals found eligible for IL were much more likely to apply for VR&E many years after discharge, averaging 24.6 years. Only 8.8 percent of IL participants applied within two years after discharge and only 8.2 percent applied between 3 and 10 years after discharge. An overwhelming 83 percent applied 10 or more years after discharge.

While the most frequent primary diagnosis of all who were found eligible for VR&E services and benefits is post-traumatic stress disorder (PTSD) (9 percent), PTSD is the primary diagnosis for 38 percent of those in IL. As with the more severely disabled of the

medically retired or separated group, the IL group experienced a time gap of several years before they applied.

The comparison of living expenses to current benefits as depicted in various scenarios (see Chapter VII) indicates that the current VR&E subsistence allowance needs to be increased substantially if it is to adequately address even the core family living expenses of housing, food, and transportation.

As outlined in the Dole-Shalala report, during the transition period, the new transition benefit for family living expenses would be paid instead of both disability compensation and the VR&E subsistence allowance. However any Special Monthly Compensation (SMC) intended for impact on quality of life would be paid concurrently with any transition benefit.

If a decision is made to limit a potential increased subsistence allowance to defined groups of participants, a schedule with differing payment levels could be defined. For example, if the increased benefit is limited to only individuals who enter the program within three years of discharge, members of this group could be awarded a different subsistence payment than individuals who apply later than three years after discharge.

Eligibility time limits for VR&E, currently 12 years after initial SCD rating, and eligibility for the transition benefit could be extended for veterans who do not attain MMI within that time period. Note that VR&E services can continue well beyond the medical stabilization period.

Options for a New Transition Benefit Program

In this section we present specific options that are costed out in the next chapter. The options are presented in tables that reflect a synthesis of the information and analyses presented in this volume. Each option has both low and high benefit options as discussed under the scenario analysis.

The Dole-Shalala study concluded that the proposed transition benefit should (1) focus on individuals who are severely injured or ill and medically discharged from the military and (2) that they should apply for vocational rehabilitation as early as possible. Furthermore, (3) the transition benefit would precede receipt of the regular disability compensation benefit for earnings loss.

The scenario analyses presented earlier in this report compare the disability compensation amounts that veterans in VR&E receive to a potential new transition benefit amount.

Policy Assumptions

To estimate costs for the options, certain assumptions related to policy have been made including:

- Current basic program eligibility requirements remain unchanged: (1) individual must be rated at least 20% CDD with an employment handicap or 10% CDD with a serious employment handicap and (2) no more than 12 years have elapsed since initial rating of a SCD.
- The transition benefit would be in place of any payment for disability compensation and SMC that is intended for aid and attendance or housebound and in place of the current VR&E subsistence benefit. Note: Active duty personnel and veterans may apply for a memorandum rating and may be found eligible and entitled without having a permanent rating.
- Veterans receiving disability compensation and SMC payments would receive the existing benefit or the proposed transition benefit, whichever is higher.
- Transition benefit would continue for three months after completion of VR&E program to provide funds for family living expenses while the veteran locates employment and gets settled. This proposal could result in an average benefit duration of 37.8 months (up from 34.8).

Technical Assumptions

In addition to the policy assumptions, certain technical assumptions need to be made in order to estimate program participation and costs including:

- The number of VR&E participants who are medically discharged or receive their SCD rating within two years of discharge would remain constant based on the past seven years' experience at 11,858 per year, and the number of individuals who would apply and be eligible for VR&E would vary by option.
- The percentage of VR&E eligible/entitled applicants who exit their plan as rehabilitated would increase 10 percent to 44.3 percent due to the incentives introduced as part of the proposed Transition Benefit.
- The average duration of eligible/entitled applicants who exit their plan as rehabilitated would remain the same.
- The average duration of eligible/entitled applicants who exit their plan as discontinued would remain the same at 5 months.
- The distribution of veterans across the different scenarios for future cohorts would remain constant.
- The size of future cohorts is estimated based on historical data on discharges and previous applications for disability compensation and VR&E.

- Veterans would begin receiving the transition benefit after developing their plan for vocational rehabilitation.

Options

The study team developed cost estimates, found in the next chapter, for the following options:

- **Option 1:** Limit eligibility to severely injured/ill who are medically discharged with a CDD of 70% or higher and who enter vocational rehabilitation within 2 years of discharge.
- **Option 2:** Limit eligibility to all medically discharged veterans and all veterans with a CDD of 70% or higher who apply for VR&E services within 2 years of discharge.
- **Option 3:** Limit eligibility to all medically discharged veterans and all veterans with a CDD of 70% or higher who apply within 12 years of receiving their initial SCD rating.
- **Option 4:** Limit eligibility to all medically discharged veterans and all eligible/entitled veterans (using current practice guidelines) within two years of discharge.
- **Option 5:** All VR&E participants within 12 years of service-connected disability rating are eligible.
- **Option 6:** All requiring Independent Living (independent of the other options) are eligible.

Options 1 through 5 are arrayed in order of most restrictive (Option 1) to most inclusive (Option 5).

Option 1 would limit the transition benefit to individuals who are severely injured or ill and medically discharged from the military and who receive their SCD rating and begin VR&E services within two years of discharge. This option would focus on the severely injured and assist in their transition from the military to civilian life. This option would apply to very few veterans, perhaps 300 per year, and the time restriction would mean the benefit would not assist many of the most severely disabled who have in the past not applied until 8 years after discharge. Indications are that many of the more severely disabled are not ready physically or psychologically to begin vocational rehabilitation quickly. At issue is whether the transition benefit would be a strong enough encouragement to apply and participate in vocational rehabilitation, and to do so sooner.

Option 2 would expand Option 1 by providing transition benefits to those veterans rated 70% CDD or higher who apply and participate in VR&E within two years of discharge and to all medically discharged regardless of severity of disability. This would

recognize that individuals who are medically discharged have their careers interrupted by disability. This option continues the emphasis on beginning VR&E as soon as possible. This option would provide opportunity for the approximately 12,000 veterans per year who are medically discharged by DoD and all veterans with CDD ratings of 70% or higher. It would require beginning VR&E within two years of discharge to motivate early application. However, past experience indicates that the more severely disabled are not prepared for early application and would therefore not be able to avail themselves of the benefit.

Option 3 would expand Option 2 by allowing veterans to receive transition benefits who are rated 70% CDD or higher and who begin VR&E within 12 years of initial SCD rating. Option 3 continues the emphasis on medically discharged and veterans with severe disabilities and opens the window to the normal 12 years from date of service-connected disability rating. This extension of time for beginning would assist the more severely disabled who need more time to be ready to participate in VR&E.

Option 4 would expand Option 3 by including all levels of CDD but limit it to individuals who apply for VR&E within two years of discharge. Option 4 opens the benefit to all eligible veterans and all medically discharged but restricts the window of opportunity to two years to motivate early beginning. Again, the time limitation would not be in the best interest of the severely disabled.

Option 5 would expand Option 4 to include all VR&E participants within 12 years of initial SCD rating. Option 5 would enable all program participants, medically discharged and all others, to receive the benefit if they apply within the current limit of 12 years from date of initial rating. The makeup of this option is consistent with the Scenarios 1 through 8 in Chapter X with a different duration as noted in this chapter's assumptions.

Option 6 includes all participants in IL. This option is independent of the other five options, and it is assumed that all eligible veterans needing IL will continue to be enrolled and would be granted the transition benefit. Recent proposed legislation would have eliminated the cap of 2,500 IL participants per year; however, this proposed legislation has not been enacted. Option 6 would provide the transition benefit to all participants in the IL program with no time or severity of disability restrictions other than the basic program eligibility requirements. This group delays entry into VR&E the longest averaging 24.6 years from discharge. Eighty-three percent do not apply until 10 or more years after discharge. Based on the study team's analysis of this group, a time limitation does not seem warranted.

Option Characteristics

Table IX-1 provides an overview of the characteristics of veterans for each of the options presented earlier. The study team gathered this information from CWINRS based on characteristics of VR&E eligible applicants specified by the option such as CDD level

(ratings of 70% and higher or all eligible applicants) and how soon after discharge they apply for VR&E (2 or 12 years).

Table IX-1. Characteristics of Veterans by Option

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Average age (years)	36.5	36.5	37.14	34.2	Varies by scenario – see Chapter 7, Scenario Analysis	53.5 years
Average number of Dependents	1.6	1.6	1.6	1.2		1.1
Average CDD in 10 degree increments	80% (rounded from 81.2)	80% (rounded from 81.2)	80% (rounded from 81.2)	50% (rounded from 51.3)		80% (rounded from 80.92)
Mental/Physical primary diagnosis	67% Physical 33% Mental Health	67% Physical 33% Mental Health	65% Physical 35% Mental Health	78% Physical 22% Mental Health		N/A
Five most common primary diagnoses in order of prevalence	1. Sleep apnea 2. PTSD 3. Major depressive disorder 4. Migraine 5. Bronchial asthma	1. Sleep apnea 2. PTSD 3. Major depressive disorder 4. Migraine 5. Bronchial asthma	1. PTSD 2. Sleep Apnea 3. Major depressive disorder 4. Migraine 5. Bronchial asthma	1. PTSD 2. Sleep apnea 3. Lumbosacral or cervical strain 4. Major depressive disorder 5. Degenerative arthritis of the spine		1. PTSD 2. Major depressive disorder 3. Diabetes mellitus 4. Arteriosclerotic heart disease 5. Hearing loss

Source: EconSys Study Team analysis of CWINRS data.

Additional information about each option that is central to determining costs for each option is presented in the Chapter X. This information includes the estimated benefit amounts based on the option characteristics, the assumed number of eligible applicants for VR&E, and the assumed average program duration of VR&E program participants.

Transition Benefit vs. Severity of Disability

Another policy concern that must be addressed is the possibility that veterans with lower disability ratings could receive the same or a greater amount for basic living expenses than veterans who are more severely disabled because the transition benefit is designed to meet the family expenses of veterans participating in VR&E. The biggest factor other than care giver requirements influencing the amount of the benefit is the number of dependents a veteran has. Although veterans rated 30% or higher currently receive additional compensation for dependents, the additional amount is relatively small. For example the additional compensation for a spouse and child ranges from \$73 to \$245 per month while the amount of additional core living expenses is \$1,283 per month.

The study team developed nine scenarios with varying amounts for potential transition benefit payments. Veterans in Scenario 1 (50% CDD with 2 dependents) would receive core living expenses of \$3,181, the same amount as veterans in Scenario 3 (70% CDD with 2 dependents) and Scenarios 5 and 6 (both 100% CDD with 2 dependents). Moreover, veterans in Scenario 1 would receive more than veterans in Scenarios 7 and 8 (both 100% CDD without dependents) who would receive \$1,898, and more than veterans in Scenario 9 (IL track, 80% CDD with 1 dependent) who would receive \$2,792. Veterans in Scenario 1 would receive \$3,181 due to family size.

X. ESTIMATED PROGRAM COSTS OF TRANSITION BENEFIT

In this chapter, the EconSys Study Team estimates annual program costs associated with providing eligible/entitled individuals with a transition benefit. Cost tables later in this chapter present estimates for the total cost of paying a transition benefit that covers core expenses and optional menu item items which were discussed in detail in Chapters 5 and 7. Additionally, this chapter briefly discusses possible administrative expenses associated with providing transition benefits.

The study team estimated annual program cost ranges for the transition benefit payment program based on data presented in the scenarios, numbers of historical Vocational Rehabilitation and Employment (VR&E) Program Services applicants found eligible/entitled, and observations from the cohort analysis regarding the number of payments received by veterans in the VR&E program.

In Chapter IX we presented an overall description and basic assumptions of six program options for a transition benefit program. In this chapter we use the assumptions to arrive at program cost estimates for each option. However, before we present cost figures for the options, we will first present baseline program cost estimates with assumptions based entirely on historical data extracted from CWINRS, VA's VR&E case management and information system.

Program Costs

Two key parts of calculating program costs are determining estimates of the number of individuals in each stage of the rehabilitation process and the average duration of participants in the program. In order to develop values for the number of veterans who may be eligible for vocational rehabilitation and employment benefits in a year, the study team looked at historical, current, and projected separations for the years FY2000 (FY2000 is partial, data available from April to September) through FY2036 by age, gender, and period of service such as Gulf War period.⁸⁹ For individuals of all ages, male and female and for all periods, separations increase from FY2000 through approximately FY2006, and then begin a gradual decline through FY2025, where they stay at approximately 170,000 per year through FY2036. When filtering the data to individuals age 35 years (and under), male and female, and the Gulf War period, separations peak in FY2006 and decline gradually to zero in FY2028.

The composition of VR&E participants may change somewhat. Currently, they are older, averaging slightly above 40 years of age, but the Global War on Terror (GWOT) population is growing and can be expected to lower the average age. In the near term, paying transition benefits to eligible/entitled veterans may increase VR&E enrollment. Therefore, the study team would expect that VR&E would continue to see at least the annual average of 23,517 for non-Independent Living (IL) VR&E and 1,422 for IL who

⁸⁹ U.S. Department of Veterans Affairs. National Center for Veterans Analysis and Statistics. (n.d.). *Separations 2000-2036 by Branch, Age, Gender, Period* [dataset]. Retrieved July 20, 2008, from <http://www1.va.gov/vetdata/docs/8s.xls>

applied and were found eligible in the last three complete years for which we have data (2005, 2006, 2007) as presented in Table X-1, and possibly an increase. These values are what we have used to multiply by the average dollar amount weighted by scenario over durations of different lengths to obtain the yearly cost of all the scenarios combined.

Table X-1 also presents the total number of individuals leaving the program captured in CWINRS for 2005 to 2007 and whether the program exiters were noted as “rehabilitated” or as “discontinued” in CWINRS. We used these statistics on rehabilitated and discontinued eligible/entitled individuals to arrive at average program duration.

Table X-1. Eligible Applicants and Number of Program Exiters Yearly from 2005 to 2007

Year	Rehabilitated	Discontinued	Total Program Exiters	Rehabilitated as a percentage of All Exiters	Total Eligible/Entitled Applicants
VR&E (Non-IL)					
2005	6,873	11,343	18,216	37.7%	23,172
2006	7,117	13,284	20,401	34.9%	22,933
2007	7,552	16,605	24,157	31.3%	24,445
2005 to 2007 Average	7,181	13,744	20,925	34.3%	23,517
Independent Living					
2005	1,927	274	2,201	87.6%	2,098
2006	2,139	316	2,455	87.1%	1,347
2007	2,204	334	2,538	86.8%	821
2005 to 2007 Average	2,090	308	2,398	87.2%	1,422

Source: CWINRS April 2008 data extract.

The study team’s CWINRS data analysis showed that the eligible/entitled individual spent an average duration of 34.8 months in VR&E and 21.4 months if in IL. The analysis also revealed that eligible/entitled individuals who exited the program without rehabilitation status stayed in the program a median of 5 months. Given an observed rehabilitation percentage of 34.3 from 2005 to 2007 for eligible/entitled individuals in CWINRS, we can estimate an average duration of 15.2 months for non-IL VR&E participants and 19.3 monthly payments for IL participants as noted in Table X-2. The analysis of duration for veterans found to be eligible/entitled does not paint a perfect picture of VR&E. As shown in Chapter 6, applicants who were found eligible/entitled did not always decide to develop a VR&E plan. However, analyzing this group allows us to consider all those eligible/entitled individuals that have taken the initial steps to apply, and might be encouraged to progress further with vocational rehabilitation if their living expenses were to be covered by the potential transition benefit.

Table X-2. Duration Averages for Vocational Rehabilitation and Independent Living in Months

	Vocational Rehabilitation	Independent Living
CWINRS Estimated Duration for Rehabilitations	34.8	21.4
CWINRS Estimated Duration for Discontinued Individuals	5	5%
Rehabilitated as a percentage of All Individuals Exiting Program (2005 to 2007)	34.3%	87.2%
Weighted Duration Average (Using 2005 to 2007 Rehabilitation percentage)	15.2	19.3

Source: EconSys Study Team analysis of CWINRS data.

The cohort analysis presented in Chapter VIII provides another data point for average duration of those in VR&E. On average, the 1992 cohort, that is, veterans who applied and were found entitled received the equivalent of 12.8 full-time monthly award payments during their twelve-year period of eligibility. Because the program duration averages exceeded 12 months, individuals in the program would on average receive payments over more than one year. Even if paid in successive months, these subsistence payments would spill over to subsequent years after the current year and, as a result, affect the annual costs for these other years.

To account for this, we assumed that each year would be impacted equally by payments in adjacent years. For example, if over a multiple year period each year had a cohort of eligible/entitled applicants and the average number of payments was 12.8 for those in that group, we assumed that each year would have 12 monthly payments for that year's cohort of eligible/entitled applicants plus an additional 0.8 (12.8-12) payments on average to eligible/entitled applicants from the previous year.

From the scenarios presented in Chapter 7, we are able to divide those in VR&E into mutually exclusive groups that collectively cover all those in CWINRS and also separate those in Independent Living. Based on the characteristics of each of the non-overlapping groups, we are able to develop potential monthly transition benefit levels based on data gathered on core expenses and other "menu item" and "as needed" expenses for each group.

Specifically, we developed a weighted monthly average transition benefit level for core and core plus living expenses (that is, core plus other menu item and as-needed expenses) living expenses by using the percentage of each scenario's population of the total CWINRS population for the eight non-IL scenarios. As can be seen in Table X-3, for example, Scenario 1 contains 107,176 or 41.16 percent of the total number of individuals in CWINRS within the 8 scenarios. Thus, we applied 41.16 percent of Scenario 1's monthly core and core plus living expenses to the CWINRS average monthly core and core plus living expenses. We did the same for Scenarios 2 through 8 using their respective percentage of the total CWINRS scenario population applied against

their respective core and core plus living expenses: 39.06, 10.10, 7.55, 1.08, 0.41, 0.45, and 0.19 percent, respectively.

Table X-3. Scenario Numbers and Weights for All Eligible/Entitled Veterans

	Scenario								
	1	2	3	4	5	6	7	8	9 (IL)
Overall Number	107,176	101,726	26,309	19,649	2,809	1,069	1,177	490	22,148
Overall Weight/ Average Percent (Non-IL Only)	41.2%	39.2%	10.1%	7.6%	1.1%	0.4%	0.5%	0.2%	N/A

Source: CWINRS April 2008 data extract.

For each scenario, to find a baseline cost amount for the annual core and core-plus living expenses, we took the average monthly living expenses developed (see Table X-3 above) and multiplied them by the estimated average number of VR&E subsistence payments received while in VR&E as part of the 1992 cohort analysis as well as the average weighted duration from 2005 to 2007 CWINRS data.

By summing these individual scenario amounts, we can estimate the range of the baseline yearly program benefit cost (using the 1992 cohort analysis duration value of 12.8 months) of \$825.9 million for a benefit amount that includes only core expenses and \$1.1 billion for a benefit amount that includes core expenses plus “menu items” and “as needed” expenses. Using the 2005 to 2007 average program completion durations weighted by completion percentage of eligible/entitled applicants (15.2 months for non-IL VR&E and 19.3 months for IL) results in costs of \$997 million for a benefit amount that only includes core expenses and \$1.4 billion for a benefit amount that includes core expenses plus menu and as needed expense items. Net program benefit costs are shown in Table X-4.

Program Administrative Costs

The study team does not anticipate a significant increase to baseline program administrative costs, given current levels of VR&E participation. Specifically, we do not anticipate any changes to staff from the perspective of salary and benefits. Once VA automates the transition benefit program activities, we expect that current staffing levels are sufficient to administer program activities. We do anticipate some initial and recurring training costs for existing staff for new program activities.

Program Overhead and One-time Costs

The study team does not expect that the transition benefit program will require VA to hire additional staff. There will be small one-time costs concerning re-programming and tool development to automate the transition benefit program and to develop and document procedures and rules to govern the administration of the program.

Table X-4. Estimates of Ranges for Annual Cost of Transition Benefits for All Eligible Veterans

	Baseline Costs - Using 1992 Cohort Analysis Duration Estimate (Scenarios 1-9)	Baseline Costs - Using 2005 to 2007 Duration Estimate (Scenarios 1-9)
Number of Veterans (Assumed)	23,517 for non-IL VR&E ; 1,422 for IL	23,517 for non-IL VR&E; 1,422 for IL
Average Duration Values	12.8 payments	15.2 monthly payments for non IL VR&E 19.3 monthly payments for IL
Estimated Total VR&E Subsistence Costs	\$204,411,016	\$246,475,240
Estimated Total Disability Compensation Costs	\$323,454,218	\$402,350,410
Estimated Total VR&E Subsistence + Disability Compensation	\$527,865,234	\$648,825,649
Core Estimated Transition Benefit Program Cost (Core Expenses Only)	\$825,872,770	\$997,001,833
Core Plus Estimated Transition Benefit Program Cost (Core Expenses + As Needed and Optional Menu Items)	\$1,137,143,751	\$1,379,404,260
Core Net Cost (Core Minus VR&E Subsistence and Disability Compensation Costs) ⁱ	\$323,572,579	\$384,242,437
Core Plus Net Cost (Core Plus Includes As Needed and Optional Menu Items Minus VR&E Subsistence and Disability Compensation)	\$609,278,517	\$730,578,611

Source: EconSys Team analysis of CWINRS data.

ⁱ In Scenarios 5 through 9 the average monthly disability compensation amounts were greater than the monthly potential transition benefit amount for core expenses only. As a result, individuals in these groups would continue to receive monthly disability compensation instead of a transition benefit amount covering core expenses only. This is reflected in the net cost presented.

Options

Using the same methodology used to calculate the baseline program costs, the study team also calculated the cost of each option presented in Chapter 9.

Table X-5 shows the assumptions for each option. As the table shows, the assumption that the completion rate for eligible applicants increases by 10 percent to 44 percent has an affect on the average duration raising the average number of months to 19.5 (this is a weighted average using 37.8 months for individuals who complete the VR&E program and 5 months for those who discontinued). As a reminder, a brief description of the veterans for each option is:

Option 1: Limit eligibility to severely injured/ill who are medically discharged with CDD of 70% or higher and apply for VR&E and are found eligible/entitled within 2 years of discharge.

Option 2: Limit eligibility to all medically discharged veterans and all veterans with CDD of 70% or higher who apply and are found eligible/entitled for VR&E within 2 years of discharge.

Option 3: Limit eligibility to all medically discharged veterans and all veterans with CDD of 70% or higher who apply within 12 years of receiving their initial SCD rating.

Option 4: Limit eligibility to all medically discharged veterans and all eligible veterans within 2 years of discharge.

Option 5: All VR&E participants within 12 years of SCD are eligible.

Option 6: All requiring Independent Living.

Table X-5. Assumptions for Options

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Assumed Number of Eligible Applicants per Year	3,443	8,945	9,838	17,104	29,375	1,422
Completion Rate	44%	44%	44%	44%	44%	87.2%
Assumed Payment Duration for Rehabilitated Veterans (in Months)	37.8	37.8	37.8	37.8	37.8	19.3
Assumed Duration for Discontinued Veterans (in Months)	5	5	5	5	5	5
Average Weighted Payment Duration	19.5	19.5	19.5	19.5	19.5	19.6

Source: EconSys Study Team.

Table X-6 shows the average monthly VR&E subsistence amounts and the average monthly disability compensation as well as the monthly transition benefit payment range including the expense components for each option.

Table X-6. Monthly Benefits by Option

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	
Average VR&E Subsistence	\$761	\$761	\$761	\$761	Varies by scenario – see Chapter 7, Scenario Analysis.	\$641	
Average Disability Compensation	\$1,729	\$1,740	\$1,652	\$906		\$3,130	
Average VR&E Subsistence + Disability Compensation	\$2,490	\$2,501	\$2,413	\$1,667		\$3,771	
Total Monthly Benefit Payment Range							
<i>Core Items</i>							
Housing	\$1,390	\$1,390	\$1,390	\$1,390	Varies by scenario – see Chapter 7, Scenario Analysis.	\$1,390	
Food	\$713	\$713	\$713	\$491		\$491	
Transportation	\$1,078	\$1,078	\$1,078	\$911		\$911	
<i>Core + Menu Items</i>							
Child Care	\$118	\$118	\$118	\$118	Varies by scenario – see Chapter 7, Scenario Analysis.	\$118	
Caregiver Expenses	\$1,300	\$1,300	\$1,300	N/A		\$1,300	
Apparel and services	\$199	\$199	\$199	\$161		\$161	
Entertainment	\$221	\$221	\$221	\$221		\$221	
Personal care products/services	\$63	\$63	\$63	\$55		\$55	
Household operations	\$51	\$51	\$51	\$46		\$46	
Housekeeping supplies	\$136	\$136	\$136	\$121		\$121	
Health care for dependents	\$336	\$336	\$336	\$168		\$168	
Total Monthly Benefit Payment Range	\$3,181 to \$5,605	\$3,181 to \$5,605	\$3,181 to \$5,605	\$2,792 to \$3,682		Varies by scenario – see Chapter 7, Scenario Analysis.	\$2,792 to \$4,982
Core Monthly Costs	\$3,181	\$3,181	\$3,181	\$2,792			\$2,792
Core Plus Menu Monthly Costs	\$5,605	\$5,605	\$5,605	\$3,682	\$4,982		

Source: EconSys Study Team.

The study team developed a net cost estimate of the proposed transition benefit as the difference between the total transition benefit cost estimate and the current total subsistence and disability compensation payments. As a reminder, we assumed that the transition benefit would be paid to veterans instead of current monthly VR&E subsistence and disability compensation payments. Cost estimates for each option were developed for subsistence and disability compensation payments by multiplying the monthly amounts presented in Table X-6, by the baseline number of eligible/entitled applicants, and baseline average durations for each eligible/entitled applicant. By subtracting the baseline total VR&E subsistence and disability compensation costs from the transition benefit cost estimates for each option, we can estimate a net cost for programs paying transition benefits based on core monthly costs as well as the core plus menu monthly costs. These costs represent the costs for each annual cohort of veterans who apply for VR&E.

The net costs presented in Table X-7 assume the transition benefit would be instead of existing payment for disability compensation and Special Monthly Compensation that is not paid for Aid and Attendance or Housebound, and instead of the current VR&E subsistence benefit.

Baseline Program Costs Sensitivity Analysis

In addition to the options presented, we also performed a sensitivity analysis that looks at possible increases in the number of eligible/entitled veterans and the average duration of these veterans in the VR&E program before exiting. In addition to the eligible/entitled applicants discussed in this chapter, data presented in Chapter 6 showed that some 374,535 veterans with a Release from Active Duty date of 1995 or later have not applied for VR&E. A transition benefit that covers family living expenses may provide an incentive for some of these veterans to apply to VR&E. It is very difficult to project how many of these veterans who have not applied would apply and be found eligible/entitled in the event of a transition benefit program. Also difficult to project is the precise effect a transition benefit would have on the average duration eligible/entitled veterans in VR&E before exiting. While it is likely that a transition benefit would increase average duration, accurately predicting the magnitude of the increase is another matter.

To address uncertainty in the two major cost drivers of the number of eligible/entitled veterans and their average duration in VR&E, the study team calculated program costs while adjusting these two variables upward, both individually and together, by increments of 10 percent until each reached a 30 percent total increase. For each step in this process we calculated the resulting estimates of total and net program costs for the transition benefit covering core living expenses and the transition benefit covering core plus optional menu living expenses. These costs are presented in Figure X-1.

Table X-7. Estimated Transition Benefit Costs by Option (\$000)

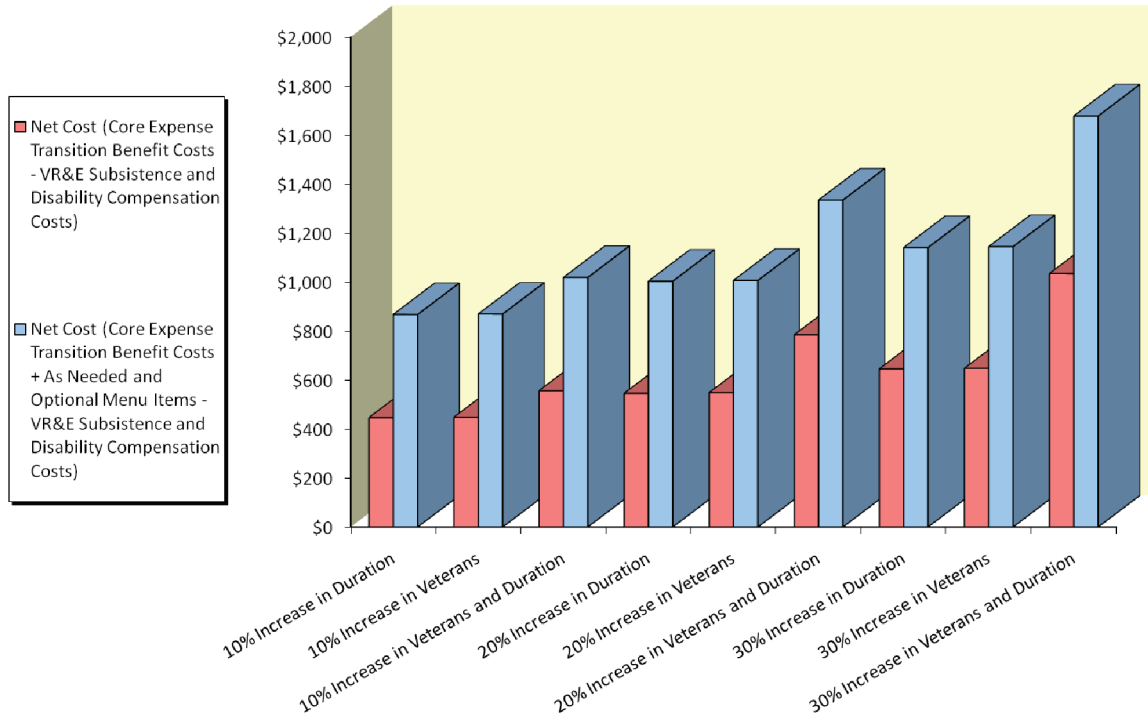
	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Assumed Number of Eligible/Entitled Applicants	3,443	9,007	9,909	17,175	29,446	1,422
Assumed Average Duration Per Veteran	19.5	19.5	19.5	19.5	19.5	19.6
Baseline Number of Eligible/Entitled per Year	3,078	3,078	3,980	11,246	23,517	1,422
Baseline Average Weighted Payment Duration	15.2	15.2	15.2	15.2	15.2	19.3
Baseline Total VR&E Subsistence + Disability Compensation	\$116,496	\$117,011	\$145,977	\$284,956	\$545,332	\$103,494
Core Expenses Only						
Transition Benefit Program Cost	\$213,568	\$558,700	\$614,650	\$935,076	\$1,478,431	\$77,816
Core Plus (Core Expenses + As Needed + Menu Items Transition Benefit Program Cost)	\$376,311	\$984,443	\$1,083,029	\$1,233,148	\$1,996,150	\$138,854
Core Net Cost (Core Minus VR&E Subsistence and Disability Compensation)	\$97,071	\$441,689	\$468,673	\$650,120	\$933,099	N/A ⁱ
Core Plus Net Cost (Core +As Needed and Optional Menu Items Minus VR&E Subsistence and Disability Compensation)	\$259,815	\$867,432	\$937,052	\$948,192	\$1,450,817	\$35,361

Source: EconSys Study Team.

ⁱ In Option 6, the average monthly disability compensation amount was greater than the monthly potential transition benefit amount for core expenses only. As a result, individuals in this option would continue to receive monthly disability compensation instead of a transition benefit amount covering core expenses only.

Figure X-1. Program Costs and Sensitivity to Number of Veterans and Duration in VR&E

Amount of Increase in Program Cost (in millions of dollars)



Note: The net increase is based on the baseline transition benefit cost of \$649 million (Option 5 + Option 6 combined).

Source: EconSys Study Team.

As shown in Figure X-1, an overall increase of 10 percent from the baseline duration⁹⁰ and/or the number of veterans⁹¹ yields some increase in the overall program costs, but the increase in program costs become much more pronounced when both increase as much as 20 and 30 percent. If the number of eligible/entitled veterans and their average duration in VR&E both increase by 30 percent of the original baseline numbers, net program costs for the transition benefit covering core living expenses would almost triple and the transition benefit covering core plus optional menu living expenses would more than double from the estimated baseline program costs. If the transition benefit program results in increases in both the number of veterans and duration spent in the VR&E program upwards of 30 percent, VA could see a substantial increase in program costs.

⁹⁰ 15.2 months for non-Independent Living VR&E and 19.3 months for Independent Living.

⁹¹ 23,517 eligible/entitled for non-Independent Living VR&E and 1,422 eligible/entitled for Independent Living.

A. CHAPTER 31 PROGRAM SUBSISTENCE ALLOWANCE RATES

Chapter 31 subsistence allowance rates increased by 2.5 percent to reflect a cost of living adjustment (COLA). These rates went into effect on October 1, 2007 and this 2.5 percent increase is based upon Consumer Price Index (CPI) data. Since VA pays subsistence allowance for training that has been completed in the previous month, the first payment at these rates was November 1, 2007. Starting September 1, 2007, every Chapter 31 subsistence allowance award that was processed automatically reflected the new rates if the award included an effective date of October 1, 2007, or later.

Figure A-1. Chapter 31 Program Subsistence Allowance Ratesⁱ

Type Training	Training Time	No Dependents	One Dependent	Two Dependents	Each Additional Dependent
Institutional*	Full-Time	\$520.74	\$645.94	\$761.18	\$55.49
	Three-Quarter-Time	\$391.27	\$485.15	\$569.09	\$42.67
	Half-Time	\$261.81	\$324.38	\$381.30	\$28.47
Farm Cooperative/ Apprenticeship/On the job training (OJT)	Full-Time	\$455.29	\$550.59	\$634.55	\$41.28
Extended Evaluation	Full-Time	\$520.74	\$645.94	\$761.18	\$55.49
	Three-Quarter-Time	\$391.27	\$485.15	\$569.09	\$42.67
	Half-Time	\$261.81	\$324.38	\$381.30	\$28.47
	Quarter-time	\$130.89	\$162.20	\$190.64	\$14.20
Independent Living	Full-Time	\$520.74	\$645.94	\$761.18	\$55.49
	Three-Quarter-Time	\$391.27	\$485.15	\$569.09	\$42.67
	Half-Time	\$261.81	\$324.38	\$381.30	\$28.47

*Institutional training also includes unpaid or nominally paid OJT or work experience in a federal, state, local, or Indian tribal government agency.

ⁱ R. A. Fanning, Director, Vocational Rehabilitation and Employment Service. Cost of Living Adjustment to Chapter 31 Subsistence Allowance Rates, August 9, 2007.

B. 2005 CONSUMER EXPENDITURE SURVEY DATA AND INFLATORS

Table B-1. 2005 Consumer Expenditure Survey Dataⁱ

	One person	Two persons	Three persons	Four persons	Five or more persons
Housing					
Shelter	\$599	\$797	\$897	\$1,012	\$1,037
Utilities, fuels, and public services	\$179	\$292	\$333	\$362	\$384
Total	\$778	\$1,089	\$1,230	\$1,375	\$1,420
Food					
Food at home	\$144	\$277	\$334	\$403	\$490
Food away from home	\$127	\$240	\$265	\$309	\$288
Total	\$271	\$517	\$600	\$712	\$778
Transportation					
Vehicle purchases (net outlay)	\$130	\$284	\$369	\$419	\$445
Gasoline and motor oil	\$99	\$189	\$226	\$262	\$271
Other vehicle expenses	\$110	\$211	\$234	\$262	\$258
Public transportation	\$30	\$50	\$44	\$43	\$47
Total	\$369	\$734	\$873	\$986	\$1,020
Menu Items					
Apparel and services	\$79	\$156	\$193	\$226	\$233
Entertainment	\$122	\$215	\$215	\$269	\$247
Personal care products and services	\$30	\$52	\$59	\$63	\$61
Healthcare	\$152	\$303	\$239	\$235	\$210
Household operations	30	42	47	54	58
Housekeeping supplies	64	111	125	132	144
Total	\$384	\$726	\$706	\$793	\$751

ⁱ U.S. Department of Labor. U.S. Bureau of Labor Statistics. (2007). *Consumer expenditures in 2005: Report 998*. Retrieved June 6, 2008 from <http://www.bls.gov/cex/csxann05.pdf>

Table B-2. 2005 and May 2008 Consumer Price Indexes for Transition Benefit Cost Categories

	2005 Index	May 2008 Index	2005 to May 2008 % Change	2005 to May 2008 Inflator
Housing	198.3	215.809	8.83%	1.0883
Shelter	225.6	246.069	9.07%	1.0907
Utilities, fuels, and public services	174.7	219.881	25.86%	1.2586
Transportation	172.7	205.262	18.85%	1.1885
Vehicle purchases (net outlay)	95.8	93.705	-2.19%	0.9781
Gasoline and motor oil	187.3	322.124	71.98%	1.7198
Other vehicle expenses	172.7	205.262	18.85%	1.1885
Public transportation	217.6	251.6	15.63%	1.1563
Apparel and services	117.5	120.752	2.77%	1.0277
Entertainment	109.7	112.987	3.00%	1.0300
Personal care products & services	187.6	201.523	7.42%	1.0742
Healthcare	328.4	363.396	10.66%	1.1066
Household operations	133.3	146.957	10.25%	1.1025
Housekeeping supplies	161.8	175.429	8.42%	1.0842
Childcare	200.5	221.473	10.46%	1.1046
Food	192.9	212.054	9.93%	1.0993
Food at home	191.7	211.863	10.52%	1.1052
Food away from home	196	213.967	9.17%	1.0917

Source: U.S. Department of Labor. U.S. Bureau of Labor Statistics. Consumer Price Index Detailed Report Data for May 2008. Retrieved June 6, 2008 from <http://www.bls.gov/cpi/cpid0805.pdf>

C. SPECIAL MONTHLY COMPENSATION ELIGIBILITY CRITERIA¹

SMC Code	Eligibility Criteria (Under 38 United States Code §3.350, Section 1114)
(K)	<p>This special monthly compensation is payable for each anatomical loss or loss of use of one hand, one foot, both buttocks, one or more creative organs, blindness of one eye having only light perception, deafness of both ears, having absence of air and bone conduction, complete organic aphonia with constant inability to communicate by speech or, in the case of a woman veteran, loss of 25% or more of tissue from a single breast or both breasts in combination (including loss by mastectomy or partial mastectomy), or following receipt of radiation treatment of breast tissue.</p> <p>(1) <i>Creative organ.</i></p> <p>(i) Loss of a creative organ will be shown by acquired absence of one or both testicles (other than undescended testicles) or ovaries or other creative organ. Loss of use of one testicle will be established when examination by a board finds that:</p> <p>(a) The diameters of the affected testicle are reduced to one-third of the corresponding diameters of the paired normal testicle, or</p> <p>(b) The diameters of the affected testicle are reduced to one-half or less of the corresponding normal testicle and there is alteration of consistency so that the affected testicle is considerably harder or softer than the corresponding normal testicle; or</p> <p>(c) If neither of the conditions (a) or (b) is met, when a biopsy, recommended by a board including a genitourinologist and accepted by the veteran, establishes the absence of spermatozoa.</p> <p>(ii) When loss or loss of use of a creative organ resulted from wounds or other trauma sustained in service, or resulted from operations in service for the relief of other conditions, the creative organ becoming incidentally involved, the benefit may be granted.</p> <p>(iii) Loss or loss of use traceable to an elective operation performed subsequent to service, will not establish entitlement to the benefit. If, however the operation after discharge was required for the correction of a specific injury caused by a preceding operation in service. It will support authorization of the benefit. When the existence of disability is established meeting the above requirements for nonfunctioning testicle due to operation after service, resulting in loss of use, the benefit may be granted even though the operation is one of election. An operation is not considered to be one of election where it is advised on sound medical judgment for the relief of a pathological condition or to prevent possible future pathological consequences.</p> <p>(iv) Atrophy resulting from mumps followed by orchitis in service is service connected. Since atrophy is usually perceptible within 1 to 6 months after infection subsides, an examination more than 6 months after the subsidence of orchitis demonstrating a normal genitourinary system will be considered in determining rebuttal of service incurrence of atrophy later demonstrated. Mumps not followed by orchitis in service will not suffice as the antecedent cause of subsequent atrophy for the purpose of authorizing the benefit.</p> <p>(2) <i>Foot and hand.</i></p> <p>(i) Loss of use of a hand or a foot will be held to exist when no effective function remains other than that which would be equally well served by an amputation stump at the site of election below elbow or knee with use of a suitable prosthetic appliance. The determination will be made on the basis of the actual remaining function, whether the acts of grasping, manipulation, etc., in the case of the hand, or of balance, propulsion, etc., in the case of the foot, could be accomplished equally well by an amputation stump with prosthesis; for example:</p> <p>(a) Extremely unfavorable complete ankylosis of the knee, or complete ankylosis of two major joints of an extremity, or shortening of the lower extremity of 3 1/2 inches or more, will constitute loss of use of the hand or foot involved.</p> <p>(b) Complete paralysis of the external popliteal nerve (common peroneal) and consequent footdrop, accompanied by characteristic organic changes including trophic and circulatory disturbances and other concomitants confirmatory of complete paralysis of this nerve, will be taken as loss of use of the foot.</p> <p>(3) <i>Both buttocks.</i></p>

¹ 38 Code of Federal Regulations, August 2004. *Ratings for special purposes*. Retrieved June 20, 2008 from http://www.warms.vba.va.gov/regs/38CFR/BOOKB/PART3/S3_350.DOC

SMC Code	Eligibility Criteria (Under 38 United States Code §3.350, Section 1114)
	<p>(i) Loss of use of both buttocks shall be deemed to exist when there is severe damage by disease or injury to muscle group XVII, bilateral, (diagnostic code 5317) and additional disability making it impossible for the disabled person, without assistance, to rise from a seated position and from a stooped position (fingers to toes position) and to maintain postural stability (the pelvis upon head of femur). The assistance may be done by the person's own hands or arms, and, in the matter of postural stability, by a special appliance.</p> <p>(ii) Special monthly compensation for loss or loss of use of both lower extremities (SMC Codes (l) through (n)) will not preclude additional compensation under SMC Code (k) for loss of use of both buttocks where appropriate tests clearly substantiate that there is such additional loss.</p> <p>(4) <i>Eye.</i> Loss of use or blindness of one eye, having only light perception, will be held to exist when there is inability to recognize test letters at 1 foot and when further examination of the eye reveals that perception of objects, hand movements, or counting fingers cannot be accomplished at 3 feet. Lesser extents of vision, particularly perception of objects, hand movements, or counting fingers at distances less than 3 feet is considered of negligible utility.</p> <p>(5) <i>Deafness.</i> Deafness of both ears, having absence of air and bone conduction will be held to exist where examination in a Department of Veterans Affairs authorized audiology clinic under current testing criteria shows bilateral hearing loss is equal to or greater than the minimum bilateral hearing loss required for a maximum rating evaluation under the rating schedule.</p> <p>(6) <i>Aphonia.</i> Complete organic aphonia will be held to exist where there is a disability of the organs of speech which constantly precludes communication by speech. This special compensation is payable in addition to the basic rate of compensation otherwise payable on the basis of degree of disability, provided that the combined rate of compensation does not exceed the monthly rate of SMC Code(l). When there is entitlement under SMC Codes (l) through (n) or an intermediate rate under (p) such additional allowance is payable for each such anatomical loss or loss of use existing in addition to the requirements for the basic rates, provided the total does not exceed the monthly rate of SMC Code (o). The limitations on the maximum compensation payable under this paragraph are independent of and do not preclude payment of additional compensation for dependents under 38 U.S.C. 1115, or the special allowance for aid and attendance provided by SMC Code(r).</p>
(L)	<p>The special monthly compensation provided is payable for anatomical loss or loss of use of both feet, one hand and one foot, blindness in both eyes with visual acuity of 5/200 or less or being permanently bedridden or so helpless as to be in need of regular aid and attendance.</p> <p>(1) <i>Extremities.</i> The criteria for loss and loss of use of an extremity contained in paragraph (2) Foot and hand are applicable.</p> <p>(2) <i>Eyes, bilateral.</i> 5/200 visual acuity or less bilaterally qualifies for entitlement. However, evaluation of 5/200 based on acuity in excess of that degree but less than 10/200 does not qualify. Concentric contraction of the field of vision beyond 5 degrees in both eyes is the equivalent of 5/200 visual acuity.</p> <p>(3) <i>Need for aid and attendance.</i>¹ Inability of claimant to dress or undress himself (herself), or to keep himself (herself) ordinarily clean and presentable; frequent need of adjustment of any special prosthetic or orthopedic appliances which by reason of the particular disability cannot be done without aid (this will not include the adjustment of appliances which normal persons would be unable to adjust without aid such as supports, belts, lacing at the back, etc.); inability of claimant to feed himself (herself) through loss of coordination of upper extremities or through extreme weakness; inability to attend to the wants of nature; or incapacity, physical or mental, which requires care or assistance on a regular basis to protect the claimant from hazards or dangers incident to his or her daily environment. It is only necessary that the evidence establish that the veteran is so helpless as to need regular aid and attendance, not that there be a constant need. Determinations that the veteran is so helpless, as to be in need of regular aid and attendance will not be based solely upon an opinion that the claimant's condition is such as would require him or her to be in bed.</p>

¹ 38 Code of Federal Regulations: *Pensions, Bonuses, and Veterans' Relief*; January 2006. Retrieved June 20, 2008 from <http://vlex.com/vid/19775476>.

SMC Code	Eligibility Criteria (Under 38 United States Code §3.350, Section 1114)
	<p>They must be based on the actual requirement of personal assistance from others.</p> <p>(4) Permanently bedridden. Bedridden will be that condition which, through its essential character, actually requires that the claimant remain in bed. The fact that claimant has voluntarily taken to bed or that a physician has prescribed rest in bed for the greater or lesser part of the day to promote convalescence or cure will not suffice. It is not required that all of the disabling conditions enumerated in this paragraph be found to exist before a favorable rating may be made. The particular personal functions which the veteran is unable to perform should be considered in connection with his or her condition as a whole. Where possible, determinations should be on the basis of permanently bedridden rather than for need of aid and attendance (except where SMC Code (r) is involved) to avoid reduction during hospitalization where aid and attendance is provided in kind.</p>
(M)	<p>(1) The special monthly compensation is payable for any of the following conditions:</p> <ul style="list-style-type: none"> (i) Anatomical loss or loss of use of both hands; (ii) Anatomical loss or loss of use of both legs at a level, or with complications, preventing natural knee action with prosthesis in place; (iii) Anatomical loss or loss of use of one arm at a level, or with complications, preventing natural elbow action with prosthesis in place with anatomical loss or loss of use of one leg at a level, or with complications, preventing natural knee action with prosthesis in place; (iv) Blindness in both eyes having only light perception; (v) Blindness in both eyes leaving the veteran so helpless as to be in need of regular aid and attendance. <p>(2) Natural elbow or knee action. In determining whether there is natural elbow or knee action with prosthesis in place, consideration will be based on whether use of the proper prosthetic appliance requires natural use of the joint, or whether necessary motion is otherwise controlled, so that the muscles affecting joint motion, if not already atrophied, will become so. If there is no movement in the joint, as in ankylosis or complete paralysis, use of prosthesis is not to be expected, and the determination will be as though there were one in place.</p> <p>(3) Eyes, bilateral. With visual acuity 5/200 or less or the vision field reduced to 5 degree concentric contraction in both eyes, entitlement on account of need for regular aid and attendance will be determined on the facts in the individual case.</p>
(N)	<p>The special monthly compensation is payable for any of the conditions which follow: Amputation is a prerequisite except for loss of use of both arms and blindness without light perception in both eyes. If a prosthesis cannot be worn at the present level of amputation but could be applied if there were a reamputation at a higher level, the requirements of this paragraph are not met; instead, consideration will be given to loss of natural elbow or knee action.</p> <ul style="list-style-type: none"> (1) Anatomical loss or loss of use of both arms at a level or with complications, preventing natural elbow action with prosthesis in place; (2) Anatomical loss of both legs so near the hip as to prevent use of a prosthetic appliance; (3) Anatomical loss of one arm so near the shoulder as to prevent use of a prosthetic appliance with anatomical loss of one leg so near the hip as to prevent use of a prosthetic appliance; (4) Anatomical loss of both eyes or blindness without light perception in both eyes.
(O)	<p>(1) This special monthly compensation is payable for any of the following conditions:</p> <ul style="list-style-type: none"> (i) Anatomical loss of both arms so near the shoulder as to prevent use of a prosthetic appliance; (ii) Conditions entitling to two or more of the rates (no condition being considered twice) provided in SMC Codes (l) through (n); (iii) Bilateral deafness rated at 60 percent or more disabling (and the hearing impairment in either one or both ears is service connected) in combination with service-connected blindness with bilateral visual acuity 5/200 or less; (iv) Service-connected total deafness in one ear or bilateral deafness rated at 40 percent or more disabling (and the hearing impairment in either one of both ears is service-connected) in combination with service-connected blindness of both eyes having only light perception or less. <p>(2) Paraplegia. Paralysis of both lower extremities together with loss of anal and bladder sphincter control will entitle to the maximum rate through the combination of loss of use of both legs and helplessness. The requirement of loss of anal and bladder sphincter control is met even though incontinence has been overcome under a strict regimen of rehabilitation of bowel and bladder training and other auxiliary measures.</p> <p>(3) Combinations.</p>

SMC Code	Eligibility Criteria (Under 38 United States Code §3.350, Section 1114)
	<p>Determinations must be based upon separate and distinct disabilities. This requires, for example, that where a veteran who had suffered the loss or loss of use of two extremities is being considered for the maximum rate on account of helplessness requiring regular aid and attendance, the latter must be based on need resulting from pathology other than that of the extremities. If the loss or loss of use of two extremities or being permanently bedridden leaves the person helpless, increase is not in order on account of this helplessness. Under no circumstances will the combination of “being permanently bedridden” and “being so helpless as to require regular aid and attendance” without separate and distinct anatomical loss, or loss of use, of two extremities, or blindness, be taken as entitling to the maximum benefit. The fact, however, that two separate and distinct entitling disabilities such as anatomical loss, or loss of use of both hands and both feet, result from a common etiological agent, for example, one injury or rheumatoid arthritis, will not preclude maximum entitlement.</p> <p>(4) Helplessness. The maximum rate, as a result of including helplessness as one of the entitling multiple disabilities, is intended to cover, in addition to obvious losses and blindness, conditions such as the loss of use of two extremities with absolute deafness and nearly total blindness or with severe multiple injuries producing total disability outside the useless extremities, these conditions being construed as loss of use of two extremities and helplessness.</p>
(P)	<p>This intermediate rate authorized by this paragraph shall be established at the arithmetic mean, rounded to the nearest dollar, between the two rates concerned:</p> <p>(1) Extremities</p> <ul style="list-style-type: none"> (i) Anatomical loss or loss of use of one foot with anatomical loss or loss of use of one leg at a level, or with complications preventing natural knee action with prosthesis in place, shall entitle to the rate between SMC Codes (l) and (m). (ii) Anatomical loss or loss of use of one foot with anatomical loss of one leg so near the hip as to prevent use of prosthetic appliance shall entitle to the rate under SMC Code (m). (iii) Anatomical loss or loss of use of one foot with anatomical loss or loss of use of one arm at a level, or with complications, preventing natural elbow action with prosthesis in place, shall entitle to the rate between SMC Codes (l) and (m). (iv) Anatomical loss or loss of use of one foot with anatomical loss or loss of use of one arm so near the shoulder as to prevent use of a prosthetic appliance shall entitle to the rate under SMC Code (m). (v) Anatomical loss or loss of use of one leg at a level, or with complications, preventing natural knee action with prosthesis in place with anatomical loss of one leg so near the hip as to prevent use of a prosthetic appliance, shall entitle to the rate between SMC Codes (m) and (n). (vi) Anatomical loss or loss of use of one leg at a level, or with complications, preventing natural knee action with prosthesis in place with anatomical loss or loss of use of one hand, shall entitle to the rate between SMC Codes (l) and (m). (vii) Anatomical loss or loss of use of one leg at a level, or with complications, preventing natural knee action with prosthesis in place with anatomical loss of one arm so near the shoulder as to prevent use of a prosthetic appliance, shall entitle to the rate between SMC Codes (m) and (n). (viii) Anatomical loss of one leg so near the hip as to prevent use of a prosthetic appliance with anatomical loss or loss of use of one hand shall entitle to the rate under SMC Code (m). (ix) Anatomical loss of one leg so near the hip as to prevent use of a prosthetic appliance with anatomical loss or loss of use of one arm at a level, or with complications, preventing natural elbow action with prosthesis in place, shall entitle to the rate between SMC Codes (m) and (n). (x) Anatomical loss or loss of use of one hand with anatomical loss or loss of use of one arm at a level, or with complications, preventing natural elbow action with prosthesis in place, shall entitle to the rate between SMC Codes (m) and (n). (xi) Anatomical loss or loss of use of one hand with anatomical loss of one arm so near the shoulder as to prevent use of a prosthetic appliance shall entitle to the rate under SMC Code (n). (xii) Anatomical loss or loss of use of one arm at a level, or with complications, preventing natural elbow action with prosthesis in place with anatomical loss of one arm so near the shoulder as to prevent use of a prosthetic appliance, shall entitle to the rate between SMC Codes (n) and (o). <p>(2) Eyes, bilateral, and blindness in connection with deafness and/or loss or loss of use of a hand or foot.</p> <ul style="list-style-type: none"> (i) Blindness of one eye with 5/200 visual acuity or less and blindness of the other eye having only light perception will entitle to the rate between SMC Codes (l) and (m). (ii) Blindness of one eye with 5/200 visual acuity or less and anatomical loss of, or blindness

SMC Code	Eligibility Criteria (Under 38 United States Code §3.350, Section 1114)
	<p>having no light perception in the other eye, will entitle to a rate equal to SMC Code (m).</p> <p>(iii) Blindness of one eye having only light perception and anatomical loss of, or blindness having no light perception in the other eye, will entitle to a rate between SMC Codes (m) and (n).</p> <p>(iv) Blindness in both eyes with visual acuity of 5/200 or less, or blindness in both eyes rated under subparagraph (2) (i) or (ii) of this paragraph, when accompanied by service-connected total deafness in one ear, will afford entitlement to the next higher intermediate rate of if the veteran is already entitled to an intermediate rate, to the next higher statutory rate under 38 U.S.C. 1114, but in no event higher than the rate for (o).</p> <p>(v) Blindness in both eyes having only light perception or less, or rated under subparagraph (2)(iii) of this paragraph, when accompanied by bilateral deafness (and the hearing impairment in either one or both ears is service-connected) rated at 10 or 20 percent disabling, will afford entitlement to the next higher intermediate rate, or if the veteran is already entitled to an intermediate rate, to the next higher statutory rate under 38 U.S.C. 1114, but in no event higher than the rate for (o).</p> <p>(vi) Blindness in both eyes rated under SMC Codes (l), (m) or (n), or rated under subparagraphs (2) (i), (ii) or (iii) of this paragraph, when accompanied by bilateral deafness rated at no less than 30 percent, and the hearing impairment in one or both ears is service-connected, will afford entitlement to the next higher statutory rate under 38 U.S.C. 1114, or if the veteran is already entitled to an intermediate rate, to the next higher intermediate rate, but in no event higher than the rate for (o).</p> <p>(vii) Blindness in both eyes rated under SMC Codes (l), (m), or (n), or under the intermediate or next higher rate provisions of this subparagraph, when accompanied by:</p> <p>(A) Service-connected loss or loss of use of one hand, will afford entitlement to the next higher statutory rate under 38 U.S.C. 1114 or, if the veteran is already entitled to an intermediate rate, to the next higher intermediate rate, but in no event higher than the rate for (o); or</p> <p>(B) Service-connected loss or loss of use of one foot which by itself or in combination with another compensable disability would be ratable at 50 percent or more, will afford entitlement to the next higher statutory rate under 38 U.S.C. 1114 or, if the veteran is already entitled to an intermediate rate, to the next higher intermediate rate, but in no event higher than the rate for (o); or</p> <p>(C) Service-connected loss or loss of use of one foot which is ratable at less than 50 percent and which is the only compensable disability other than bilateral blindness, will afford entitlement to the next higher intermediate rate or, if the veteran is already entitled to an intermediate rate, to the next higher statutory rate under 38 U.S.C. 1114, but in no event higher than the rate for (o).</p> <p>(3) Additional independent 50 percent disabilities. In addition to the statutory rates payable under SMC Codes (l) through (n) and the intermediate or next higher rate provisions outlined above, additional single permanent disability or combinations of permanent disabilities independently ratable at 50 percent or more will afford entitlement to the next higher intermediate rate or if already entitled to an intermediate rate to the next higher statutory rate under 38 U.S.C. 1114, but not above the (o) rate. In the application of this subparagraph the disability or disabilities independently ratable at 50 percent or more must be separate and distinct and involve different anatomical segments or bodily systems from the conditions establishing entitlement under SMC Codes (l) through (n) or the intermediate rate provisions outlined above. The graduated ratings for arrested tuberculosis will not be utilized in this connection, but the permanent residuals of tuberculosis may be utilized.</p> <p>(4) Additional independent 100 percent ratings. In addition to the statutory rates payable under SMC Codes (l) through (n) and the intermediate or next higher rate provisions outlined above additional single permanent disability independently ratable at 100 percent apart from any consideration of individual unemployability will afford entitlement to the next higher statutory rate under 38 U.S.C. 1114 or if already entitled to an intermediate rate to the next higher intermediate rate, but in no event higher than the rate for (o). In the application of this subparagraph the single permanent disability independently ratable at 100 percent must be separate and distinct and involve different anatomical segments or bodily systems from the conditions establishing entitlement under SMC Codes (l) through (n) or the intermediate rate provisions outlined above.</p> <p>(i) Where the multiple loss or loss of use entitlement to a statutory or intermediate rate between SMC Codes (l) and (o) is caused by the same etiological disease or injury, that disease or injury may not serve as the basis for the independent 50 percent or 100 percent unless it is so rated without regard to the loss or loss of use.</p> <p>(ii) The graduated ratings for arrested tuberculosis will not be utilized in this connection, but the permanent residuals of tuberculosis may be utilized.</p>

SMC Code	Eligibility Criteria (Under 38 United States Code §3.350, Section 1114)
	<p>(5) <i>Three extremities.</i> Anatomical loss or loss of use, or a combination of anatomical loss and loss of use, of three extremities shall entitle a veteran to the next higher rate without regard to whether that rate is a statutory rate or an intermediate rate. The maximum monthly payment under this provision may not exceed the amount stated in SMC Code (p).</p>
(Q)	<p>The special monthly compensation is payable for any of the following conditions:</p> <p>(1) <i>Pulmonary tuberculosis.</i> A veteran shown to have had pulmonary tuberculosis will be held to have reached a condition of “complete arrest” when a diagnosis of inactive is made.</p> <p>(2) <i>Nonpulmonary disease.</i> Determination of complete arrest of nonpulmonary tuberculosis requires absence of evidence of activity for 6 months. If there are two or more foci of such tuberculosis, one of which is active, the condition will not be considered to be inactive until the tuberculous process has reached arrest in its entirety.</p> <p>(3) <i>Arrest following surgery.</i> Where there has been surgical excision of the lesion or organ, the date of complete arrest will be the date of discharge from the hospital, or 6 months from the date of excision, whichever is later.</p>
(R.1)	<p>(1) A veteran receiving the maximum rate under SMC Codes (o) or (p) who is in need of regular aid and attendance is entitled to an additional allowance during periods he or she is not hospitalized at United States Government expense. The regular level aid and attendance allowance is payable whether or not the need for regular aid and attendance was a partial basis for entitlement to the maximum rate under SMC Codes (o) or (p), or was based on an independent factual determination.</p> <p>(2) A veteran receiving compensation at the intermediate rate between SMC Codes (n) and (o) plus special monthly compensation under SMC Code (k) who establishes a factual need for regular aid and attendance is also entitled to an additional allowance during periods he or she is not hospitalized at United States Government expense.</p>
(R.2)	<p>1) A veteran receiving the maximum rate under SMC Codes (o) or (p) who is in need of a higher level of aid and attendance care is entitled to an additional allowance during periods he or she is not hospitalized at United States Government expense. The higher level aid and attendance allowance is payable whether or not the need for higher level of aid and attendance care was a partial basis for entitlement to the maximum rate under SMC Codes (o) or (p), or was based on an independent factual determination.</p> <p>(2) A veteran receiving compensation at the intermediate rate between SMC Codes (n) and (o) plus special monthly compensation under SMC Code (k) who establishes a factual need for a higher level of aid and attendance care, is also entitled to an additional allowance during periods he or she is not hospitalized at United States Government expense.</p> <p>The need for a higher level of care shall be considered to be need for personal health-care services provided on a daily basis in the veteran’s home by a person who is licensed to provide such services or who provides such services under the regular supervision of a licensed health-care professional. The existence of the need for such care shall be determined by a physician employed by the Department or, in areas where no such physician is available, by a physician carrying out such function under contract or fee arrangement based on an examination by such physician.</p>
(S)	<p>This special monthly compensation is payable to the veteran who has a single service-connected disability rated as 100 percent and:</p> <p>(1) has additional service-connected disability or disabilities independently ratable at 60 percent, separate and distinct from the 100 percent service-connected disability and involving different anatomical segments or bodily systems, or</p> <p>(2) Is permanently housebound by reason of service-connected disability or disabilities. This requirement is met when the veteran is substantially confined as a direct result of service-connected disabilities to his or her dwelling and the immediate premises or, if institutionalized, to the ward or clinical areas, and it is reasonably certain that the disability or disabilities and resultant confinement will continue throughout his or her lifetime.</p>

D. BASIC ALLOWANCE FOR HOUSING 2008 NON-LOCALITY RATES¹

Pay Grade ²	Partial*	BAH Reserve Component/Transit		Differential
		Without Dependents	With Dependents	
O-10	\$51	\$1,290	\$1,587	\$293
O-9	\$51	\$1,290	\$1,587	\$293
O-8	\$51	\$1,290	\$1,587	\$293
O-7	\$51	\$1,290	\$1,587	\$293
O-6	\$40	\$1,183	\$1,429	\$243
O-5	\$33	\$1,139	\$1,377	\$235
O-4	\$27	\$1,056	\$1,214	\$156
O-3	\$22	\$847	\$1,005	\$156
O-2	\$18	\$671	\$857	\$184
O-1	\$13	\$566	\$767	\$199
O3E	\$22	\$914	\$1,080	\$164
O2E	\$18	\$777	\$974	\$196
O1E	\$13	\$668	\$901	\$230
W-5	\$25	\$1,073	\$1,172	\$98
W-4	\$25	\$953	\$1,075	\$120
W-3	\$21	\$801	\$985	\$182
W-2	\$16	\$711	\$905	\$192
W-1	\$14	\$596	\$783	\$186
E-9	\$19	\$782	\$1,031	\$245
E-8	\$15	\$718	\$951	\$230
E-7	\$12	\$613	\$883	\$266
E-6	\$10	\$555	\$816	\$257
E-5	\$9	\$512	\$734	\$219
E-4	\$8	\$445	\$638	\$189
E-3	\$8	\$437	\$593	\$155
E-2	\$7	\$355	\$566	\$207
E-1 >4	\$7	\$317	\$566	\$245
E-1 <4	\$7	\$317	\$566	\$245

¹ U.S. Department of Defense Basic Allowance for Housing, January 2008. *A primer on basic allowance for housing (BAH) for the uniformed services*. Retrieved June 4, 2008 from <http://perdiem.hqda.pentagon.mil/perdiem/BAH-Primer.pdf>

² O=Commissioned officer, W = Warrant officer, E = Enlisted. Individuals in pay grades O-1, O-2, and O-3 with more than four years in an enlisted and/or warrant grade are paid according to the special pay grades of O-1E, O-2E, and O-3E.

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ABBREVIATIONS

ABBREVIATION	WORD	ORIGIN
A&A	Aid and Attendance	U.S.
ACS	American Community Survey	U.S.
ADL	Activities of Daily Living	U.S.
BAH	Basic Allowance for Housing	U.S.
BAS	Basic Allowance for Subsistence U.S.	U.S.
BDD	Benefits Delivery at Discharge	U.S.
BDN	Benefits Delivery Network	U.S.
BLS	Bureau of Labor Statistics	U.S.
C&P	Compensation and Pension Service	U.S.
CES	Consumer Expenditures Survey	U.S.
CF	Canadian Force	Canada
CNAC	CNA Corporation	U.S.
CPI	Consumer Price Index	U.S.
CWINRS	Corporate WINRS – An automated case management system	U.S.
DAV	Disabled American Veterans	U.S.
DES	Disability Evaluation System	U.S.
DoD	Department of Defense	U.S.
DTAP	Disabled Transition Assistance Program	U.S.
EAIP	Employer-At-Injury-Program	U.S.
EH	Employment Handicap	U.S.
EMC	Extended Medical Coverage	General
EN	Employment Networks	U.S.
FMR	Fair Market Rent	U.S.
FSSA	Family Supplemental Subsistence Allowance	U.S.
GAO	Government Accountability Office	U.S.
GWOT	Global War on Terror	U.S.
HISA	Home Improvement and Structural Alternations	U.S.
HMO	Health Maintenance Organization	U.S.
HUD	Department of Housing and Urban Development	U.S.
IADL	Instrumental Activities of Daily Living	U.S.
MEB	Medical Evaluation Board	U.S.
MHA	Military Housing Area	U.S.
MOS	Military Occupation Specialty	U.S.
NDA	National Disability Authority	U.S.
OEF	Operation Enduring Freedom	U.S.
OIF	Operation Iraqi Freedom	U.S.

ABBREVIATION	WORD	ORIGIN
PEB	Physical Evaluation Board	U.S.
PTSD	Post Traumatic Stress Disorder	General
RDD	Random Digit Dialing	U.S.
SAH	Specially Adapted Housing	U.S.
SHA	Special Home Adaptations	U.S.
SHE	Serious Employment Handicap	U.S.
SIPP	Survey of Income and Program Participation	U.S.
SMC	Special Monthly Compensation	U.S.
SOC	Senior Oversight Committee	U.S.
SSA	Social Security Administration	U.S.
SSDI	Social Security Disability Insurance	U.S.
TAP	Transition Assistance Program	U.S.
TBI	Traumatic Brain Injury	General
TRA	Temporary Residence Adaptation	U.S.
TTW	Ticket to Work Program	U.S.
TWP	Trial Work Period	General
U.S.C.	United States Code	U.S.
USDA	United States Department of Agriculture	U.S.
VA	Department of Veterans Affairs	U.S.
VAC	Veterans Affairs Canada	Canada
VDBC	Veterans' Disability Benefits Commission	U.S.
VR	Vocational Rehabilitation	U.S.
VRC	Vocational Rehabilitation Counselor	U.S.
VR&E	Vocational Rehabilitation and Employment	U.S.
VSO	Veterans Service Organization	U.S.

