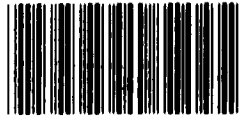


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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548



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STATEMENT OF  
EDWARD A. DENSMORE  
DEPUTY DIRECTOR, HUMAN RESOURCES DIVISION

BEFORE THE  
SENATE COMMITTEE ON VETERANS' AFFAIRS

ON

THE VETERANS ADMINISTRATION'S  
VOCATIONAL REHABILITATION PROGRAM

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Mr. Chairman and Members of the Committee, your March 1, 1979, letter, requested that we review the Veterans Administration's (VA) vocational rehabilitation program to determine whether revision of the program's authorizing legislation (chapter 31, title 38, U.S. Code) would correct major problems, as claimed by VA, or whether other actions should be taken to improve the effectiveness of the program. We are pleased to be here today to discuss the results of that review contained in our report dated February 26, 1980. 1/

As you requested, we reviewed the program at three VA regional offices: Los Angeles, Denver, and Cleveland. These offices were selected to comply with your request that the regional offices be geographically separated and represent

*vocational rehab training  
rehabilitation programs  
Education  
training programs*

*eligibility criteria  
program management  
Veterans Administration  
veterans employment  
benefits  
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1/ "New Legislation and Stronger Program Management Needed to Improve Effectiveness of VA's Vocational Rehabilitation Program" (HRD-80-47, Feb. 26, 1980).

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areas with differing levels of school tuition. To review VA's service to disabled veterans and the effectiveness of its vocational rehabilitation program and to analyze program processing times we selected two samples of veterans' case files from each of the three VA regional offices--a total of 288 cases of veterans who completed or discontinued their training programs and 356 cases of veterans whose applications were processed in 1978. We also reviewed two recent VA studies of the vocational rehabilitation program: (1) a September 1978 study 1/ and (2) a July 1979 program evaluation which included a 1978 nationwide survey of service-disabled Vietnam Era veterans. 2/

VA's vocational rehabilitation program was established in 1943 by Public Law 78-16. The program's purpose is to restore employability lost because of a handicap due to a service-connected disability. The statutory definition of "vocational rehabilitation" includes training, educational and vocational counseling, all appropriate individualized tutorial assistance, and other necessary incidental services required to accomplish this purpose. ✓

Under chapter 31 of title 38, a veteran must meet several basic eligibility criteria--he or she must (1) have a compensable

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1/"A Study of the Provisions for Veterans Vocational Rehabilitation, Chapter 31, Title 38, United States Code."

2/"Vocational Rehabilitation--A Program Evaluation--Summary Report."

disability arising out of service during or after World War II, (2) apply for program benefits within 9 years of his or her date of discharge (with extensions being granted in certain cases), (3) need training as determined by VA to restore lost employability caused by the disability, and (4) be or going to be discharged, released, or retired from service under other than dishonorable conditions.

It should be noted that the mere existence of a compensable service-connected disability does not necessarily mean that a veteran has lost employability, or needs the special rehabilitative training and services.

Program expenditures for fiscal years 1978, 1979, and 1980 will average about \$100 million annually.

We could not make a comprehensive evaluation of the effectiveness of VA's program in achieving its congressionally mandated objective because of a lack of data in VA's records. However, our analysis of available data showed that the program was much less effective than it could have been because of several factors.

LACK OF STRONG CENTRAL MANAGEMENT AND  
ACCOUNTABILITY FOR PROGRAM RESULTS

The most significant factor contributing to the limited effectiveness of the program is a general lack of results-oriented program management at the central office level.

Program responsibilities  
are fragmented

First, program responsibilities are fragmented. VA's vocational rehabilitation process is complex and requires

close coordination and integration of various services from a number of individuals and organizational units within VA and with other organizations. Although several VA organizational entities have various policy, implementation, and monitoring responsibilities under the program, there is no organizational unit or individual that can be held accountable for the entire program. This problem is further complicated because VA is highly decentralized with 58 regional offices across the Nation carrying out the day-to-day program operations.

The program lacks adequate goals and objectives

Second, the program lacks adequate goals and objectives. Because VA manages its work by function rather than by program, the goals and objectives established by VA for monitoring and evaluating regional office performance deal with broad functions and processes that cut across program lines rather than focusing on the intended results or outcomes of specific programs. While this management approach may be satisfactory for "entitlement-type" programs, we do not believe it provides adequate guidance and direction for managing and implementing "mission-oriented" programs, such as the rehabilitation program.

Historically, VA has considered veterans to be "rehabilitated" when they complete a predetermined training objective; however, VA has not established specific goals and objectives in terms of the numbers or percentages of program participants to be "rehabilitated" within a given time frame. We do not believe

that merely completing a predetermined training objective is a valid criterion for measuring whether lost employability has been restored.

VA officials acknowledge that a better criterion would be the extent to which participants obtained and maintained substantial employment after completing the program, but believe the law does not authorize a VA rehabilitation program which includes employment.

Inadequate management  
information system

Third, the management information system is inadequate. Consistent with its management-by-function approach, VA's automated management information system (AMIS) focuses on accumulating and disseminating data on broad functions and processes rather than results-oriented data on specific programs. Again, this may be acceptable for entitlement-type programs but it does not provide an adequate basis for monitoring and managing mission-oriented programs such as vocational rehabilitation.

Also, AMIS is not designed to yield information needed to monitor or evaluate the results of a specific program.

VA study has recognized  
these problems

A July 1979 evaluation report by VA's Office of Planning and Program Evaluation stated that the organizational structure for delivering rehabilitation services is not appropriate for successfully managing field level activities and there has not been a clear focus of management review, responsibility, and accountability for administering the program. The study recommended that a focus of program management be established at the central office.

VA has established a Task Force on Rehabilitation to investigate and review the results and recommendations of the various VA studies of its rehabilitation program and develop an agencywide plan. One major area for consideration is program organization and administration. VA is also studying its management system to determine whether improvements are needed; however, we understand the study's statement of objectives does not specifically address the need for results-oriented data.

COMPETITION FROM OTHER VA BENEFITS

The effectiveness of the vocational rehabilitation program has been affected by competition from other VA benefits--the GI bill and disability compensation.

Financial considerations influence  
many veterans' choice between GI  
bill and vocational rehabilitation

We found that financial considerations influenced many veterans' choices between GI bill and vocational rehabilitation benefits. The GI bill pays the veteran directly a fixed monthly allowance to cover subsistence and educational expenses,

while the rehabilitation program pays the veteran directly a fixed amount for subsistence and pays the training facility for all actual educational expenses, regardless of the cost.

Although the monthly allowances vary depending on whether the student is enrolled full- or part-time, the amount paid directly to the veteran is higher under the GI bill than under vocational rehabilitation for the same type of training. Accordingly, veterans who attend low-tuition facilities could realize more money in hand--about \$70 each month for a single veteran attending full time--if they enrolled under the GI bill.

The following data on service-disabled Vietnam Era veterans training in the Nation's 10 lowest and 10 highest public school tuition States demonstrate the effect of this financial consideration. We found the percentage of service-disabled veterans enrolled in public schools under the GI bill to be significantly greater in States where tuition in public schools was low (78 percent) than in States where public school tuition was high (57 percent). Conversely, we found the percentage of veterans enrolled in public schools under the vocational rehabilitation program to be significantly lower in States with low-tuition public schools (22 percent) than in high-tuition States (33 percent). Furthermore, in response to a 1978 VA questionnaire, 15 percent of the service-disabled Vietnam Era veterans who trained under the GI bill rather than, or in addition to, the vocational rehabilitation program, stated they did so because, from a money standpoint, it was more advantageous for them.

Financial disincentives may cause many seriously disabled veterans to avoid employment after training

Financial disincentives can discourage certain veterans from accepting employment after training because they will lose large proportions of their disability compensation and other benefits.

VA assigns individually unemployable (IU) classifications to veterans with 60- to 90-percent disability ratings who are considered incapable of securing or holding jobs. These veterans are paid at the 100-percent disability level. By being employed, these veterans demonstrate that their condition has improved, and their high disability rating and resulting disability compensation payment and other benefits are no longer warranted. At the time of our fieldwork, a single veteran with a 100-percent disability rating or an IU classification received \$809 a month compared to \$450 for a 90-percent disability rating without an IU classification.

According to a recent VA study, as of November 1977, about 24,000 Vietnam Era veterans had IU classifications, about 40 percent of all veterans rated 60- to 90-percent disabled.

Given this situation, it is vital that the rating boards that make the decisions on individual unemployability have as much evidence as possible regarding whether the veteran could not find or hold a job. However, according to rating board chairmen in each regional office we visited, they lack information and many decisions are quite subjective.



VA has recognized these problems and proposed some corrective action

VA has recognized these problems and proposed solutions to some of them.

Regarding veterans' incentive to use GI bill benefits rather than vocational rehabilitation, VA has proposed amending chapter 34 to allow disabled veterans training under the regular GI bill, because it is financially advantageous to do so, to receive vocational rehabilitation services if they need such services and have an approved vocational rehabilitation plan.

We believe this approach has two problems. First, these veterans would not receive certain important rehabilitation services--such as personal adjustment and work adjustment training. Second, the two programs would be meshed in such a way that will make it difficult to monitor and review program operations.

A simpler, more effective solution would be to enroll disabled veterans under the chapter 31 rehabilitation program and allow them to choose (1) monetary benefits equal to the chapter 34 GI bill allowance, with the veterans paying their own tuition and other educational expenses; or (2) existing chapter 31 subsistence payments, with VA paying directly tuition costs and other educational expenses. Given this option, veterans needing rehabilitation services will not have a disincentive to train under the rehabilitation program.

Regarding disincentives to veterans classified as IU, VA's 1979 program evaluation proposed that disability

compensation be reduced as additional income is earned through work, but the rate of reduction would be such that the veteran would always achieve a higher total income through any part-time or full-time job. We agree with this approach.

However, VA's proposal does not address the underlying problem of the subjectivity of IU ratings. We believe that veterans should be referred to rehabilitation counselors for a comprehensive diagnostic work evaluation before they are considered for an IU rating. We believe this would lessen the subjective nature of the IU rating process.

#### PROBLEMS IN OUTREACH AND ENROLLMENT PRACTICES

We also found problems in VA's outreach and enrollment practices.

#### VA is not contacting all potentially eligible veterans through outreach

VA procedures outline two methods to inform veterans about the rehabilitation program: (1) mail applications to all potentially eligible veterans when they are awarded disability compensation and then followup with a personal contact if they do not apply for the program, and (2) target the program on the most severely disabled, by counseling hospitalized veterans about the rehabilitation program.

#### New disability compensation awards

During calendar year 1978, the three VA regional offices visited made new disability compensation awards to about 7,000 veterans.

The regional office is supposed to send these veterans information about, and an application for, the rehabilitation program. At the same time, a special "tickler" code is supposed to be put into VA's data processing center in Hines, Illinois. If the veteran does not submit an application within 60 days, the data processing center is supposed to send a tickler card to the regional office instructing the regional office to initiate a "motivation" contact with the veteran by telephone or direct personal visit.

Statistics on VA's outreach effort were not available. Officials at neither the three regional offices nor the central office knew how many applications had been sent to veterans during 1978, how many tickler codes had been input to the data processing center, or how many of these veterans had applied for the program within the 60-day period.

VA officials estimated, however, that only about 10 to 15 percent apply for rehabilitation within the 60-day period. Accordingly, the three regional offices should have received tickler cards to contact and "motivate" most of the 7,000 veterans, but officials in the regional offices estimated that they had received only about 300 cards each.

VA's 1978 survey of Vietnam Era veterans also revealed that the outreach effort was not working. It indicated that 49 percent of the veterans did not receive an application and information about the rehabilitation program when they received their disability compensation awards and 62 percent were not contacted by VA 60 days after their award to encourage them to enroll.

### Hospitalized veterans

VA's efforts to reach some of the more severely disabled veterans--those in VA medical centers--are also ineffective.

We found that counselors did not systematically inform veterans about vocational rehabilitation in any of the 12 VA medical centers located in our sample regional offices. In 7 of the 12 medical centers psychologists did not systematically initiate vocational counseling and had referred an average of less than one veteran a month to counselors during calendar year 1978.

VA's 1978 survey of Vietnam Era veterans also disclosed that outreach to veterans in VA medical centers was inadequate.

### Application processing takes too long

VA has experienced long delays in scheduling veterans for their first counseling appointments.

We analyzed the processing time for a statistically valid sample of 356 applications processed during calendar year 1978 in the three regional offices we visited. From VA's receipt of the veteran's application to the initial counseling appointment, averaged 66 days. We believe this contributed to the fact that about one in four veterans did not show up for their initial counseling appointment.

### Lenient entry criteria have allowed veterans into the program who do not need vocational rehabilitation

Veterans who are capable of holding gainful employment, and whose files contain no evidence that their service-connected

disabilities impair their ability to prepare for, obtain, or retain substantial employment, are allowed to enter VA's vocational rehabilitation program. This is contrary to congressional intent and consumes program resources that could better be spent on veterans who need special rehabilitative services. This situation exists because (1) VA's entry criteria do not adequately stress "lost employability" in determining whether an applicant needs program services and (2) VA does not emphasize serving veterans with serious disabilities.

According to central office officials, VA's regulations and procedures manual require that regional office counselors use a two-step process for determining need for program services. After it has been determined that a veteran has a compensable service-connected disability, regional office counselors must first determine whether the disability has resulted in "lost employability." If lost employability has not occurred, the veteran will be declared ineligible. If lost employability is found, the counselor must determine whether the veteran lacks "suitable" employment. If the veteran does not lack suitable employment, he or she will be declared ineligible. If a veteran lacks suitable employment, the counselor will help the veteran choose an appropriate vocational objective and determine what rehabilitation services will be needed.

Officials in two of the three regional offices visited told us that VA's entry criteria are based on such a broad interpretation of employability that few applicants are declared ineligible. Under VA's criteria, a veteran is presumed to need vocational

rehabilitation if he or she has a service-connected disability. The veteran will be found not to need training only if the counselor rebuts this presumption by showing that the disability does not limit employability. Not only is the burden of proving that the veteran is ineligible placed on the counselor, but VA's procedures manual states that any reasonable doubts about the limiting effect of the disability are to be resolved in favor of the veteran.

Our analysis of a sample of applications in the three regional offices showed that only 5 percent (14) out of 275 applicants 1/ were determined to be ineligible for benefits because they did not have an employment handicap.

VA's criteria for determining whether an applicant lacks suitable employment are also quite broad, and are seldom used for denying eligibility. For example, if a veteran's occupation is determined to be inconsistent with his or her "aptitudes, interests, and abilities," or requires no more than "vestibule" training, the veteran is considered to be not suitably employed.

Only 4 percent (11) of the 275 applicants were determined to be ineligible for benefits because they did not lack suitable employment.

Our analysis of a random sample of 288 case files disclosed many examples of veterans with prior job histories and no

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1/Although we selected a random sample of 356 applications for review, an eligibility determination was made only on the 275 applicants who showed up for their initial counseling interview.

documented evidence of employment handicaps. For example, 83 percent (240) had a history of regular employment, about 10 percent (27) had no employment history and 7 percent (21) had no record that a needs determination was even made. Although we did not make a detailed analysis of the nature of the employment, the jobs were full time and held within a year of acceptance into the program. In fact, 44 percent of the 240 with job histories had worked regularly for 2 or more years.

For those veterans with job histories, many case files contained no documentation showing whether or how their disabilities had resulted in an employment handicap. In 47 percent (112) of the 240 cases, lack of suitable employment was the only reason noted in the files for allowing the veterans into the program.

Finally, the entry criteria have made it very difficult for counselors to prevent veterans from entering vocational rehabilitation if they were primarily interested in taking advantage of the program because the financial benefits might exceed those available under the GI bill. We found that 61 percent (175) of the 288 veterans in our sample trained under the GI bill an average of 12 months before entering vocational rehabilitation. At least 35 percent (61) of the 175 switched programs and received greater benefits by attending a higher-tuition training facility.

VA has proposed solutions to some outreach and processing problems and has not viewed entry criteria as a problem

VA's 1979 program evaluation did not address any of the problems we identified with outreach efforts to veterans receiving new disability compensation awards.

The evaluation did recognize problems with medical center outreach and application processing time and VA has rewritten or developed new policy statements in an attempt to improve coordination in these areas. Also, VA's task force will investigate and review actions taken.

However, VA has not viewed entry criteria as a problem. VA's steps to improve its outreach and processing may not improve program effectiveness if the entry criteria remain unchanged. Further, improvements in outreach likely would magnify the problem of serving veterans who do not need rehabilitation services.

LACK OF COMPREHENSIVE REHABILITATION SERVICES

We also found that VA has not made a concerted effort to provide service-disabled veterans, particularly those with severe employment handicaps, with a comprehensive range of rehabilitation services. The program has tended to function as a financial assistance program rather than the rehabilitation program intended by the Congress.

VA's pretraining services

Comprehensive diagnostic and evaluation services during pretraining were not being provided. As a result, counselors did not always have an adequate basis for establishing realistic



training and employment goals for veterans--particularly those with serious disabilities.

VA's procedures provide for comprehensive medical and psychological evaluations and "work evaluations" (a comprehensive assessment of work tolerance for severely disabled individuals) to diagnose rehabilitation potential and establish realistic rehabilitation goals during pretraining.

However, in our sample of 288 veterans, we found only one who was put in an extended psychological evaluation program. Only eight veterans, or less than 3 percent of our sample, received work evaluations, and those evaluations were concentrated in one VA regional office.

One resource available to counselors in identifying and meeting the pretraining needs of seriously disabled veterans is VA's Vocational Rehabilitation Board. This board is designed to bring all applicable specialized resources effectively to bear upon the vocational rehabilitation of seriously handicapped veterans. The board may request extensive diagnostic and work evaluations in its determination of a veteran's feasibility to train.

However, we found that veterans were seldom referred to the board. We estimate that one-third of the 4,890 applicants to the program during calendar year 1978 in the three regional offices we visited had disability ratings of 50 percent or more; however, the boards in the three regional offices received only 75 cases during the year.

## VA's training services

VA's vocational rehabilitation specialists did not provide many veterans--particularly seriously disabled veterans--with adequate services during training. VA's procedures manual prescribes various special services that might be needed. We believe the key ones are (1) adjustment counseling, (2) concurrent medical treatment, and (3) close monitoring.

Our analysis of sample cases showed that many veterans who needed special services did not receive them. We identified 35 percent of the veterans as progressing poorly or not at all during training, yet the vocational rehabilitation specialists did not provide special services or take other corrective action in over one-third of these cases. One reason that specialists did not refer veterans for special services may be that they were not aware that the veterans needed such services.

The primary way that the specialist aids the veteran in training is through periodic supervisory visits to the veteran's training facility to obtain firsthand information on the veteran's training and problems. However, we found that specialists were not making the minimum number of visits required by VA regulations.

Also, vocational rehabilitation specialists did not coordinate with counselors to help plan the veterans' rehabilitation. VA's rehabilitation program is set up so that counseling is separate from monitoring--the counselor is responsible for the former, and the specialist is responsible for the latter. According to VA's procedures manual, the specialist's knowledge

of training facilities, employment opportunities, and special services should be available in helping the veteran and the counselor select an appropriate training program.

Our review showed, however, that pretraining collaboration between counselors and specialists was rare. For example, counselors recommended that specialists provide special services (such as concurrent medical treatment or close supervision) in 16 percent of the sample cases; however, less than half of these veterans received these services from the specialists during training.

VA's procedures manual also requires that specialists and counselors collaborate to provide veterans with additional counseling during training. For example, the specialists should refer veterans back to the counselors for vocational adjustment counseling if they are experiencing personal or training-related difficulties. Since 33 (11 percent of our sample) had severe neuropsychiatric problems (rated 50 percent or greater), we anticipated numerous referrals for adjustment counseling. However, we found that the specialists rarely referred veterans to the counselors for adjustment counseling.

VA's procedures manual also requires the specialists to refer veterans to VA medical centers for hospital or outpatient treatment as needed. However, almost half of 38 regional officials surveyed by VA stated that their units have weak or no relationships with local medical centers for providing such assistance.

### VA's posttraining services

Regional offices provided little employment and followup assistance during posttraining. Many veterans who needed help in finding and adjusting to jobs once training was completed were not helped by VA in the final and most critical step of their rehabilitation.

While existing legislation limits VA's authority for direct employment placement, VA's procedures manual directs the specialists to (1) help the veteran prepare resumes and contact prospective employers, and (2) make referrals to the State employment security agency and other public and private agencies.

However, of the veterans in our sample who completed training and were unemployed when they left the program, only 15 percent received employment referral and only 10 percent received help in preparing resumes or contacting employers.

Specialists are also responsible for posttraining followup to document and assure that veterans adjust to their new work situation. VA's procedures manual requires specialists to contact veterans 1 month after they complete training to determine and document their employment status in the case file. If a veteran is employed, specialists are required to contact the veteran 6 months later to assure adequate adjustment to the new work environment. If a veteran is unemployed or working in an unsuitable job, the specialist is to maintain followup contacts until the veteran has achieved satisfactory job adjustment. If this adjustment is not achieved, the specialist should consider the need for additional training.

Our review of sample cases showed that specialists were not meeting these requirements. For example, none of the veterans who completed training had any documentation in their case files as to their employment status 1 month after they completed training.

VA proposal to improve  
rehabilitation services

VA's September 1978 and July 1979 studies recognize that its rehabilitation process needs substantial improvement. The studies say that the statutory definition of vocational rehabilitation limits VA's ability to stress more comprehensive, wide-ranging services.

VA has proposed new legislation to the Congress which would make clear that all the veterans' needs, not just educational or vocational needs, should be considered under the vocational rehabilitation program. The proposed legislation also addresses the need to upgrade the professional skills of the rehabilitation staff.

We believe that, although existing legislation limits VA's responsibility for direct employment placement, VA could have provided more (1) comprehensive medical, psychological, and social rehabilitation services during pretraining and training and (2) employment assistance and followup services during posttraining.

RECOMMENDATIONS

Mr. Chairman, in our report, we have made a number of recommendations to the Administrator of Veterans Affairs

which should improve the program. We also recommended that the Congress

--Amend chapter 31 to allow service-disabled veterans who need vocational rehabilitation services to enroll under the chapter 31 program and receive either:

- a fixed allowance for subsistence with VA paying all educational expenses directly to the provider; or
- a fixed allowance equal to that available under the GI bill, with the veteran paying his or her own educational expenses.

--Amend chapter 31, as proposed by VA to expand the statutory purpose of "vocational rehabilitation" beyond employability to include attainment of gainful employment.

Although we believe the present language of chapter 31 is flexible enough to allow VA to provide eligible service-disabled veterans with a comprehensive range of services, a more specific definition would clearly establish the boundaries of the program and prevent problems that might arise from differing interpretations of the present definition.

COMMENTS ON AMENDMENT NO. 1661 TO S. 1188

The Committee also asked for our views on Amendment No. 1661 to S. 1188, the proposed "Disabled Veterans Rehabilitation Act of 1980." The stated purpose of the amendment is to revise title 38, U.S.C., to improve, expand, and modernize VA's chapter 31 vocational rehabilitation program for service-connected disabled veterans; to provide for a pilot program

of independent living services for certain severely disabled veterans under chapter 31; and for other purposes.

We note that the proposed amendment would closely align major elements of VA's vocational rehabilitation program to the Federal/State program administered by the Rehabilitation Services Administration (RSA) of HEW. The amendment would also address, in varying degrees, several of the issues we noted in our review such as (1) clarification of VA's authority to provide a comprehensive range of vocational rehabilitation services, (2) the need to expand the statutory purpose of "vocational rehabilitation" beyond employability to include attainment of gainful employment; (3) use of the case-manager concept; (4) use of individualized rehabilitation plans; and (5) the need for comprehensive evaluations of disabled veterans' rehabilitation and work potential for use in adjudicating such veterans' claims for 100-percent "individually unemployable" ratings.

However, the extent to which these provisions would ameliorate or solve some of the problems within the chapter 31 program will depend in large part on the manner in which VA implements the legislative changes. As noted in our report, we believe the major underlying cause of the limited effectiveness of the vocational rehabilitation program was a lack of strong central management and accountability for program results at the central office level, rather than inadequacies or defects in the existing legislation. Sound program management cannot be

legislated. Regardless of what legislative changes may be made to chapter 31, improved program management must come from within VA.

We have some reservations about certain provisions of the proposed amendment. Specifically the amendment would:

--Liberalize the eligibility criteria to make all service-disabled veterans eligible for chapter 31 benefits by deleting the requirement that the veteran be determined to be in need of vocational rehabilitation because of an employment handicap. This is a major redirection of chapter 31, from its traditional mission-oriented objective of restoring lost employability, to an entitlement program for those service-disabled veterans whose disabilities do not limit or impair their ability to prepare for, obtain, or retain employment. We believe the program should retain the requirement that veterans be determined to be in need of vocational rehabilitation because of an employment handicap.

--Expand the eligibility criteria to include veterans whose disabilities are so severe that a vocational objective is not feasible. This provision would provide for these individuals a program of "independent living services" which is already available to them from VA's Department of Medicine and Surgery (DM&S) under



chapter 17 of title 38, and, to a limited extent, from HEW's Rehabilitation Services Administration under the Rehabilitation Act of 1973 as amended. In fact, the provision would authorize VA to "buy" these independent living services through cost-reimbursable contracts with DM&S and the Federal/State RSA program. The net effect of this provision would be to attract the veterans away from the chapter 17 and Federal/State RSA programs by making them eligible for the chapter 31 monthly subsistence allowance (there is nothing in the proposed amendment which would indicate that the veterans would receive any higher quality or quantity of independent living services under chapter 31). Moreover, because this provision is geared to those veterans whose disabilities are so severe that a vocational objective is not feasible, we would expect that most, if not all, of them will already be receiving full disability compensation, and that a substantial number of them will also be undergoing long-term institutionalization in VA hospitals, nursing homes, domiciliaries, and nursing homes under contract with VA in which the veterans' subsistence needs are already being provided for by VA. We believe the chapter 31 program eligibility criteria should not be expanded to include veterans for whom a vocational objective is not feasible, nor should program services be expanded to duplicate/

overlap those already available under chapter 17 and the Rehabilitation Act of 1973, as amended.

--Finally, the provision would result in duplicate payments for subsistence to incarcerated veterans, and to veterans in VA hospitals, domiciliaries, nursing homes, and contract nursing homes, in which the subsistence needs are already being provided for by the various Federal, State and local prison systems or by VA. We do not believe veterans in these situations should receive additional subsistence allowances under chapter 31 when their subsistence needs are already being taken care of by other programs. Moreover, the philosophy underlying duplicate payments seems inconsistent with that underlying 1508(c)(1) and 1514(a) of the proposed amendment. Section 1508(c)(1) authorizes the Administrator to reduce the subsistence allowance for any veteran who receives wages or other income from an employer while participating in an on-the-job training program under chapter 31. Section 1514(a) provides that no subsistence allowance will be paid to active military duty personnel participating in the chapter 31 program while hospitalized pending discharge, presumably on the grounds that the individuals' subsistence needs are already being met by the military hospital and that the chapter 31 subsistence allowance would therefore constitute a duplicate payment.

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This concludes our statement, Mr. Chairman. We will be happy to respond to any questions you or other Members of the Committee might have.