



June 2013

VA VOCATIONAL REHABILITATION AND EMPLOYMENT PROGRAM

Improved Oversight of Independent Living Services and Supports Is Needed

GAO Highlights

Highlights of [GAO-13-474](#), a report to congressional requesters

Why GAO Did This Study

The IL “track”—one of five tracks within VA’s VR&E program—provides a range of benefits to help veterans with service-connected disabilities live independently when employment is not considered feasible at the time they enter the VR&E program. These benefits can include counseling, assistive devices, and other services or equipment. GAO was asked to review issues related to the IL track. This report examines (1) the characteristics of veterans in the IL track, and the types and costs of benefits they were provided; (2) the extent to which their IL plans were completed, and the time it took to complete them; and (3) the extent to which the IL track has been administered appropriately and consistently across regional offices.

To conduct this work, GAO analyzed VA administrative data from fiscal years 2008 to 2011, and reviewed a random, generalizable sample of 182 veterans who entered the IL track in fiscal year 2008. In addition, GAO visited five VA regional offices; interviewed agency officials and staff; and reviewed relevant federal laws, regulations, and agency policies and procedures.

What GAO Recommends

GAO recommends that VR&E explore options to enhance coordination with VHA; strengthen its oversight of the IL track; and reassess its policy for approving benefits. VA generally agreed with GAO’s conclusions and recommendations.

View [GAO-13-474](#). For more information, contact Dan Bertoni at (202) 512-7215 or bertonid@gao.gov.

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Improved Oversight of Independent Living Services and Supports Is Needed

What GAO Found

Of the 9,215 veterans who entered the Department of Veterans Affairs’ (VA) Independent Living (IL) track within the Vocational Rehabilitation and Employment (VR&E) program in fiscal years 2008 to 2011, most were male Vietnam era veterans in their 50s or 60s. Almost 60 percent served in the U.S. Army, and fewer than 1 percent served in the National Guard or Reserve. The most prevalent disabilities among these veterans were post-traumatic stress disorder and tinnitus. GAO’s review of 182 IL cases from fiscal year 2008 found that VR&E provided a range of IL benefits to veterans. Among these cases, the most common benefits were counseling services and computers. Less common benefits included gym memberships, camping equipment, and a boat. GAO estimated that VR&E spent nearly \$14 million on benefits for veterans entering the IL track in fiscal year 2008—an average of almost \$6,000 per IL veteran.

Most veterans completed their IL plans, which identify their individual goals to live independently and the benefits VR&E will provide. About 89 percent of fiscal year 2008 IL veterans were considered by VR&E to be “rehabilitated,” that is, generally, to have completed their IL plans by the end of fiscal year 2011. VR&E discontinued or closed about 5 percent of cases for various reasons, such as the veteran declined benefits. Six percent of cases were open at the end of fiscal year 2011. Because the complexity of IL cases varied depending on veterans’ disabilities and needs, some cases were fairly simple for VR&E to close. For example, one IL case only called for the installation of door levers and a bathtub rail. Another more complex case involved the provision of a range of IL benefits, including home modifications. Rehabilitation rates across regions varied from 0 to 100 percent, and regions with larger IL caseloads generally rehabilitated a greater percentage of IL veterans. While IL plans nationwide were completed in 384 days, on average, completion times varied by region, from 150 to 895 days.

VR&E exercises limited oversight to ensure appropriate and consistent administration of the IL track across its regions. First, some regions may not be complying with certain case management requirements. For instance, while VR&E is required to coordinate with the Veterans Health Administration (VHA) on IL benefits, VR&E counselors have difficulty obtaining timely responses from VHA. VHA physicians respond to VR&E’s IL referrals late or not at all, resulting in delayed benefits or VR&E providing the benefits instead of VHA. Second, VR&E does not monitor regional variation in IL caseloads and benefits provided. Instead, it has relied on its quality assurance reviews and ad hoc studies, but these are limited in scope. Third, given counselors have broad discretion in selecting IL benefits, VR&E’s written policies for approving IL expenditures may not be appropriate as regions were permitted to purchase a range of items without any Central Office approval, some of which were costly or questionable. For example, in one case, Central Office review would not have been required for expenditures of \$18,829 for a riding mower, which is prohibited, and other items. Finally, VR&E’s system does not collect IL costs and benefits provided. VR&E also lacks accurate data on the number of IL veterans served. While the law currently allows 2,700 veterans to enter the IL track annually, data used to monitor the cap are based on the number of IL plans developed, not on the number of individual veterans admitted. Veterans can have more than one plan in a fiscal year, so one veteran could be counted multiple times towards the cap.

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Abbreviations

IL	Independent Living
PSAS	Prosthetics and Sensory Aids Service
PTSD	Post-traumatic Stress Disorder
SAH	Specially Adapted Housing
QA	Quality Assurance
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VRC	Vocational Rehabilitation Counselor
VR&E	Vocational Rehabilitation and Employment

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June 7, 2013

The Honorable Bill Flores
Chairman
The Honorable Mark Takano
Ranking Member
Subcommittee on Economic Opportunity
Committee on Veterans' Affairs
House of Representatives

The Honorable Bruce Braley
House of Representatives

The Honorable Marlin Stutzman
House of Representatives

The Department of Veterans Affairs' (VA) Vocational Rehabilitation and Employment (VR&E) program, under the Veterans Benefits Administration (VBA), administers five "tracks" that provide a wide range of services and assistance to support veterans with service-connected disabilities. Four of VR&E's five tracks are intended to help veterans prepare for, find, and maintain suitable employment. If employment is not considered a feasible goal for veterans when they enter the VR&E program, they can be assigned to the Independent Living (IL) track for separate, non-employment support within the VR&E program, and can receive benefits such as counseling, assistive devices, and other services or equipment to improve their ability to live independently. By law, the number of veterans who can be assigned to the IL track each year is limited. There are currently 56 VA regional offices with responsibility for administering VR&E's IL track,¹ and almost 3,000 veterans nationwide were served in this track during fiscal year 2011.

Given the limited information available on those who participate in VR&E's IL track, you asked us to review issues related to the benefits IL

¹ VA officials told us that the Washington Regional Office, located in the District of Columbia, was recently designated the "National Capital Region Benefits Office" in November 2012. For the purposes of our review, we will refer to this office as one of VA's regional offices. The Manila Regional Office in the Philippines was not included in our review because it does not administer the IL track.

track veterans receive, and their outcomes. This report examines (1) the characteristics of veterans who have participated in the IL track, as well as the types and costs of benefits they were provided; (2) the extent to which their IL plans were completed, and the time it took to complete them; and (3) the extent to which the IL track has been administered appropriately and consistently across regional offices.

To provide information on the number, characteristics, and outcomes of veterans who entered the IL track, as well as how long it took VR&E to complete these cases, we analyzed VA administrative data from fiscal years 2008 through 2011.² We also used these data to estimate the difference, if any, in the amount of time it took to complete these cases across regional offices, as well as across groups of veterans with various characteristics. To determine the types of goods and services provided to veterans and the direct cost of these benefits, we reviewed the case files of a random sample of 182 veterans who were assigned to the IL track at some point during fiscal year 2008.

To obtain information about how the IL track has been administered, we visited VA regional offices in San Diego, California; Atlanta, Georgia; Detroit, Michigan; Philadelphia, Pennsylvania; and the District of Columbia.³ We selected these sites because they are geographically diverse and have had differing levels of IL caseloads and rehabilitation rates. At each of these sites we interviewed officials from VR&E, VA's Specially Adapted Housing (SAH) program, and Prosthetic and Sensory Aids Service (PSAS), as well as representatives from local veteran service organizations. We also interviewed VR&E officials at the national level, and relied on our case file review to determine the extent to which VR&E, SAH, and PSAS coordinate in the provision of goods and services to IL track veterans. Lastly, we reviewed relevant federal laws and regulations, standards for internal controls and managerial cost accounting, as well as VR&E policies, procedures, and other relevant studies and documentation.

² To assess the reliability of these data, we interviewed knowledgeable officials and performed electronic tests to identify missing or erroneous data. We determined the data to be sufficiently reliable for our purpose, unless otherwise noted.

³ Our review of IL track administration did not include reviewing the quality of internal or external assessments the VR&E program uses to determine the suitability of veterans for employment or the extent to which veterans' activities of daily living may be limited.

We conducted this performance audit from February 2012 to June 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Additional information on our scope and methodology is provided in appendices I and II.

Background

VR&E's IL Track

VR&E's Five Tracks At A Glance

Employment-Related Tracks

- **Reemployment:** For veterans who need assistance returning to their previous employer.
- **Rapid Access to Employment:** For veterans with existing skills who are looking for immediate employment.
- **Self-Employment:** For veterans who have the skills to start a business, and for whom self-employment is the best or only option for successful rehabilitation.
- **Employment Through Long-Term Services:** For veterans who need specialized training and/or education to obtain employment.

Independent Living Track

- **Independent Living:** For veterans who are unable to work and need services to live more independently at the time they enter the VR&E program.

VBA's VR&E program is responsible for implementing five tracks that provide a variety of services and assistance to veterans with service-connected disabilities. Four of the five tracks are designed to help veterans prepare for, find, and maintain suitable employment. VR&E's fifth track—the IL track—generally helps veterans maximize their ability to live independently when the achievement of an employment goal is not considered feasible at the time they enter the VR&E program.⁴ To assist these veterans, the law allows VR&E broad discretion in determining the types of services that can be provided to address their needs.⁵ When assessing each veteran, VR&E focuses not only on assisting veterans with activities of daily living,⁶ but also on veteran's emotional needs and avocational and leisure interests, among other areas.⁷ Furthermore, unlike VR&E's employment-related tracks, the law caps the number of veterans who can be admitted into the IL track annually. While this number has increased over the years, the cap was 2,600 veterans in

⁴ Although not officially admitted into the IL track, veterans in VR&E's other tracks can receive IL services that may assist them in meeting their rehabilitation goals.

⁵ Under 38 U.S.C. § 3120(d), a veteran's IL program "shall consist of such services...as the Secretary determines necessary to enable such veteran to achieve maximum independence in daily living."

⁶ ADLs are basic activities that individuals perform on a daily basis, such as bathing, feeding, and dressing themselves.

⁷ According to VA officials, IL services that "support emotional needs and/or avocational and leisure interests may be included in IL plans only when gains in independence are an anticipated result."

fiscal year 2011 and is currently 2,700.⁸ VR&E anticipates an increase in future demand for IL benefits.

VR&E's Eligibility Requirements

All veterans are required to meet VR&E's basic entitlement criteria before they are assigned to one of its five tracks. To be entitled to VR&E services, veterans must generally have at least a 20 percent service-connected disability rating and be in need of rehabilitation because of an employment handicap.⁹ The period of eligibility for which veterans can receive benefits from VR&E is 12 years and begins on either (1) the date of separation from active military duty, or (2) the date that VA notifies the veteran of his or her service-connected disability rating. The 12-year eligibility period may be deferred or extended if certain conditions prevent the veteran from participating in a rehabilitation program or if a veteran has a serious employment handicap.¹⁰ To be considered for the IL track, veterans must meet all of VR&E's eligibility requirements and be deemed currently unable to pursue an employment goal.¹¹

⁸ The Veterans' Benefits Act of 2010 increased the cap to 2,700 effective "with respect to fiscal years beginning after the date of enactment of this Act." Pub. L. No. 111-275, § 801, 124 Stat. 2864, 2888. Because the enactment date of the Act was October 13, 2010 (fiscal year 2011), the cap of 2,700 veterans would have become effective starting in fiscal year 2012.

⁹ 38 U.S.C. § 3102(a)(1)(A)(i) and (B). The law defines an employment handicap as an impairment, resulting in substantial part from a service-connected disability of a veteran's ability to prepare for, obtain, or retain employment consistent with the veteran's abilities, aptitudes, and interests. 38 U.S.C. § 3101(1). Veterans with a 10 percent service-connected disability may also be eligible to receive VR&E services, but not independent living services, if they have a serious employment handicap, which is defined as a significant impairment, resulting in substantial part from a service-connected disability rated at 10 percent or more, of a veteran's ability to prepare for, obtain or retain employment consistent with his or her abilities, aptitudes and interests. 38 U.S.C. §§ 3102(a)(2), 3101(7) and 3120(b). Moreover, servicemembers with a severe injury or illness are entitled to certain VR&E services, including independent living services. Pub. L. No. 110-181, § 1631(b), 122 Stat. 3, 458 (2008), as extended by Pub. L. No. 112-56, § 231, 125 Stat. 711, 719 (2011).

¹⁰ For veterans rated at 10 percent and veterans beyond their 12-year basic period of eligibility, the finding of a serious employment handicap is necessary to establish entitlement to VR&E services.

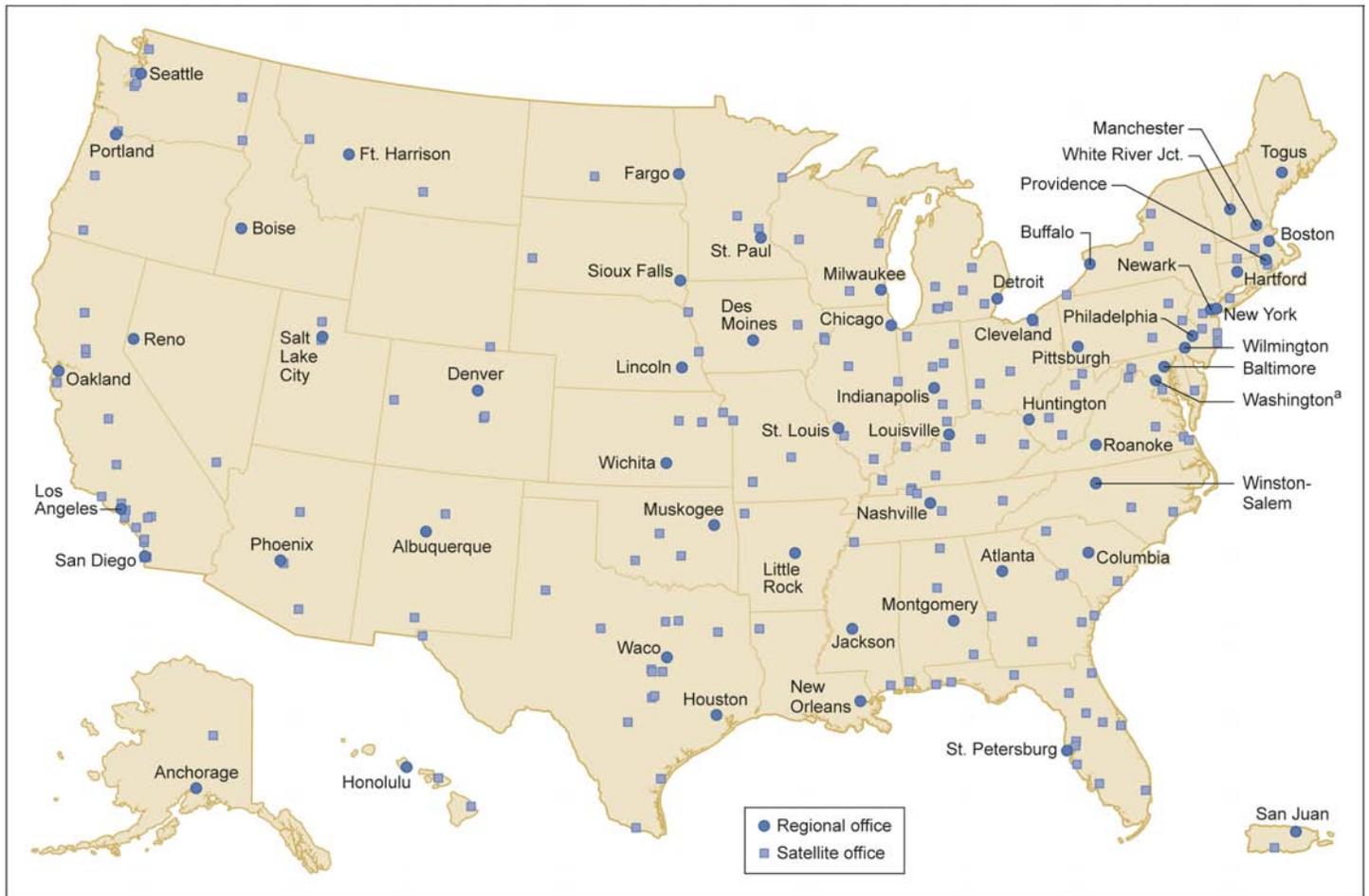
¹¹ 38 U.S.C. §§ 3102 and 3120(b).

VR&E's Structure and Administration

VR&E's Central Office, located in Washington D.C., has responsibility for several areas, including (1) overseeing the implementation of the VR&E program, including the IL track, (2) developing program policies and procedures, and regional guidance, and (3) formulating and monitoring the agency's budget and program expenditures. Currently, there are 56 VA regional offices with responsibility for administering the IL track in their jurisdiction.¹² Reporting to these regional offices are 179 satellite offices that help ensure veterans who do not live near a regional office are able to access VR&E benefits, including those provided through the IL track (see fig. 1).

¹² While VR&E's Central Office oversees regional offices that administer the IL track, it does not have direct line authority over regional staff. VBA's Office of Field Operations maintains this responsibility.

Figure 1: Location of the Vocational Rehabilitation and Employment Program's Regional and Satellite Offices



Source: GAO analysis of VA data.

^a The Washington Regional Office, located in the District of Columbia, was recently designated the National Capital Region Benefits Office in November 2012.

The VR&E Officer in each regional office is responsible for ensuring that the office complies with national policies and procedures for monitoring performance to ensure VR&E's national rehabilitation rate is met.¹³ In addition, this officer supervises regional Vocational Rehabilitation

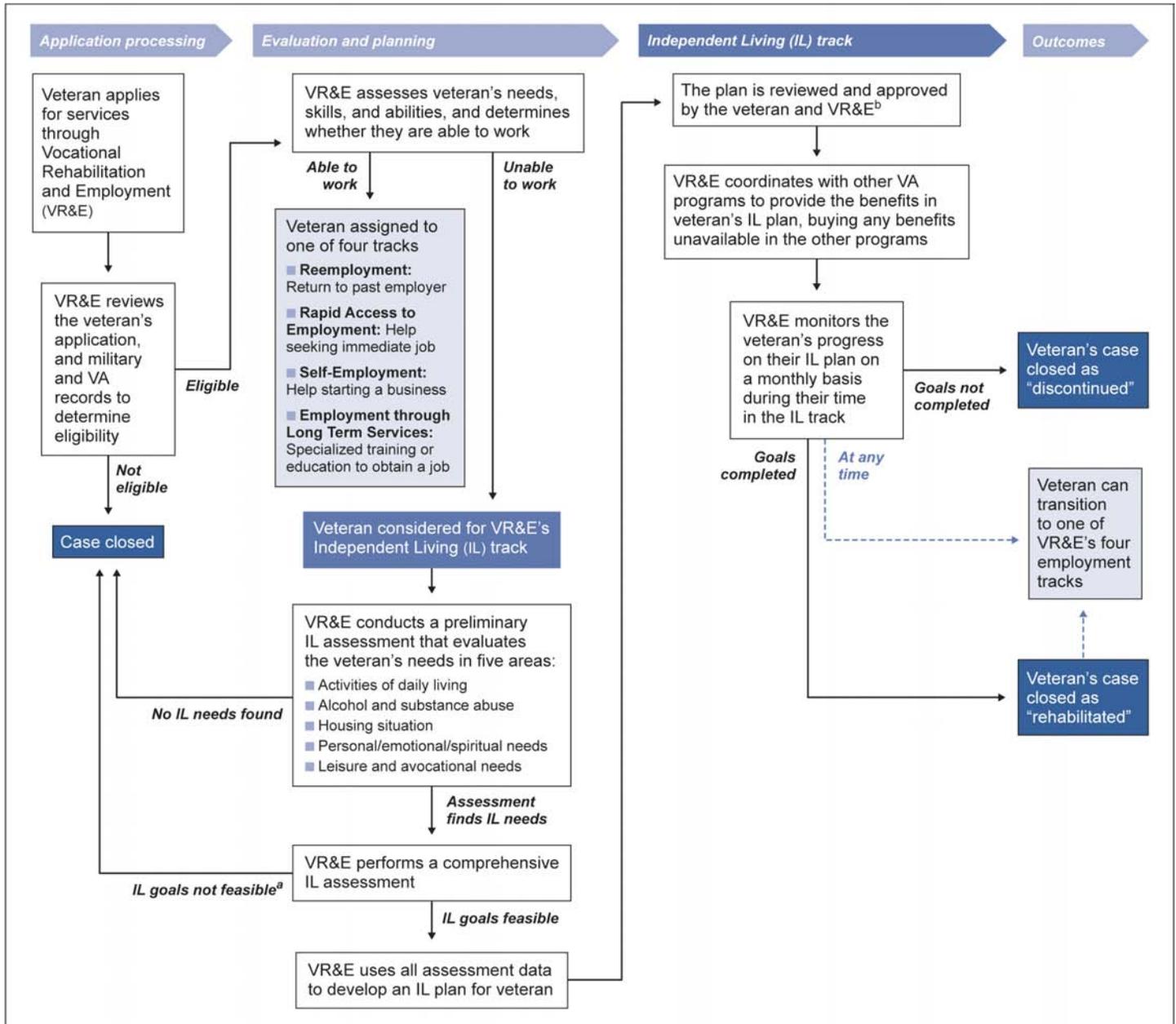
¹³ VR&E has two performance measures for its IL rehabilitation rate. VR&E's fiscal year 2011 IL rehabilitation target was 92 percent, and its strategic target (or long-term goal) was 95 percent.

Counselors (VRCs) who are responsible for working directly with veterans to assess their IL needs and provide benefits.¹⁴

VR&E has established a formal process that all veterans must go through to receive any of the benefits offered through its five tracks (see fig. 2). It is not possible to be assigned to any of the five tracks without first applying and being accepted into the VR&E program.

¹⁴ VRCs work directly with veterans participating in all of VR&E's five tracks, not just the IL track.

Figure 2: The Vocational Rehabilitation and Employment Program's Needs Assessment and Independent Living Track Benefits Delivery Process



Source: GAO's analysis of VR&E's needs assessment and IL track benefits delivery process.

^aAfter both the preliminary and comprehensive IL assessments are performed, a case may be closed if it is determined that the achievement of IL goals are not feasible or if potential needs are not identified. The VR&E officer must concur with this decision.

^b IL plans must be approved by the VR&E officer, and in some cases the Regional Director or VR&E's Central Office, before any services are provided.

An individualized IL plan is developed for each veteran admitted to the IL track.¹⁵ This plan identifies the veteran's IL goals, the benefits (goods and services) VR&E will provide to help the veteran meet those goals, estimated time frames for providing benefits, and how improvements in the veteran's independence will be measured, among other areas (see fig. 3). In general, IL plans may not exceed 24 months except under certain circumstances.¹⁶ According to officials, there is also no statutory limit on the number of IL plans a veteran can have. Veterans can reapply to the VR&E program at any time.¹⁷

¹⁵ An employment-related plan is developed for veterans who are admitted to one of VR&E's other four tracks.

¹⁶ 38 U.S.C. § 3105(d), 38 C.F.R. § 21.76(b). An additional period of 6 months is allowed if it would enable veterans to substantially increase their level of independence in daily living. In addition, VR&E may extend the duration up to 36 months for veterans with severe disabilities who served on active duty after September 11, 2001. 38 U.S.C. § 3105(d)(2)(A)(ii) and Department of Veterans Affairs, Veterans Benefits Administration, *Extension of Independent Living Services related to the Veterans Benefits Improvement Act of 2008 (Public Law 110-389)*, VR&E Letter 28-09-10 (January 30, 2009).

¹⁷ Specific criteria must be met before approving new plans for IL services. These criteria include meeting requirements for participation in a program of IL services, and the worsening of the veteran's condition or other changes in the veteran's circumstances resulting in a substantial loss of independence. 38 C.F.R. § 21.284(b).

Figure 3: Example of an Independent Living Plan Developed for a Veteran

	Program goal: Veteran will maximize functional independence in living			
	Objective One To increase cognitive skills such as memory and concentration through use of cognitive rehabilitation exercises that will be installed on a laptop computer.	Objective Two Manage stress and anger levels through use of periodic journaling on laptop computer. Veteran will discuss journal activities with social worker, [name], to determine progress for this objective.	Objective Three Work with a fiduciary for assistance with housing, financial, and organizational issues.	Objective Four Maintain stability of physical and mental health.
	Services provided Laptop computer with Captain's Log Computerized Cognitive Rehabilitation exercises installed on it and training to use computer.	Laptop computer.	All services necessary to improve ability to manage daily life activities despite the effects of the disability.	Treatment by occupational therapist, social worker, and other medical professionals involved in the well-being of this veteran.
	Evaluation criteria Veteran will develop basic computer skills, and learn how to use Captain's Log. Veteran will attend all scheduled training and practice concepts learned.	Progress will be monitored through self-reports from veteran and reports from treating professionals.	Active participation and cooperation when working with the fiduciary.	Veteran will keep all scheduled medical appointments and follow treatment recommendations, and inform case manager of additional appointment and follow-up referral needs.
	Evaluation procedure Review periodic counseling reports acquired from treating professionals, [name of doctor], verbally or in writing (CAPRI notes).	Review periodic counseling reports acquired from treating professionals verbally or in writing.	Case Manager will monitor veteran's progress through monthly face-to-face visits or by telephone.	Case Manager will monitor veteran's progress in medical and mental health treatment by reviewing medical records and/or speaking with treating professionals.
Evaluation schedule	At least once per month.	At least once per month.	At least once per month.	At least once per month.

Source: GAO analysis of example IL plan provided by VR&E.

Furthermore, all IL plans are required to be reviewed and approved by the veteran, the VRC, and the VR&E Officer before the veteran is admitted to the IL track. Once the plan is approved, VRCs are required to meet with the veteran at least once a month to track progress in meeting the plan's goals. In addition, VRCs are required to coordinate with other VA programs to determine if they can provide any of the goods and services identified in the veteran's plan. The VA programs that officials told us they regularly coordinate with are:

- VBA's Specially Adapted Housing (SAH) Program, which helps servicemembers and veterans with certain service-connected disabilities purchase or construct an adapted home, or modify an

existing home to accommodate a disability.¹⁸ These modifications can include specially adapted bathrooms or the installation of exit ramps.

- VHA medical centers, which provide a wide range of health-related services to veterans, such as physical therapy and dental and optometry services. In addition, VHA's Prosthetic and Sensory Aids Service (PSAS) provides a variety of medical devices and equipment to veterans, including artificial limbs, eyeglasses, hearing aids, hospital beds, and wheelchairs.¹⁹ PSAS also administers the Home Improvements and Structural Alterations grant to eligible veterans for home modifications, such as the widening of bedroom or bathroom doorways to allow wheelchair access.

If the goods and services needed cannot be obtained through other VA sources, the VR&E program will purchase them directly or contract for them. VR&E may declare a veteran successfully "rehabilitated" when all goals in their IL plan have been achieved, or if not all achieved, when the following three conditions have been met: (1) the veteran has attained a substantial increase in the level of independence; (2) the veteran has maintained the increased level of independence for at least 60 days; and (3) further assistance is unlikely to significantly increase the veteran's level of independence.²⁰ "Rehabilitation" does not necessarily mean that a veteran's disability has improved, but rather that the goals in the veteran's IL plan have been met to facilitate their independence. When veterans are not successfully rehabilitated, their case may be closed as "discontinued." When circumstances arise that affect the ability of VR&E to provide the goods and services identified in the IL plan to the veteran, VR&E can temporarily "interrupt" the veteran's case until it becomes possible to continue.

¹⁸ VBA's Loan Guaranty Program administers two grants—the Specially Adapted Housing (SAH) grant and Special Housing Adaptation (SHA) grant—to help address the housing needs of veterans with service-connected disabilities.

¹⁹ To receive medical devices and equipment through PSAS, VRCs must submit a service request to the veterans' VHA primary care physician. If the primary physician concurs with the VRC's request, he or she will submit a referral to PSAS to meet the veterans' needs.

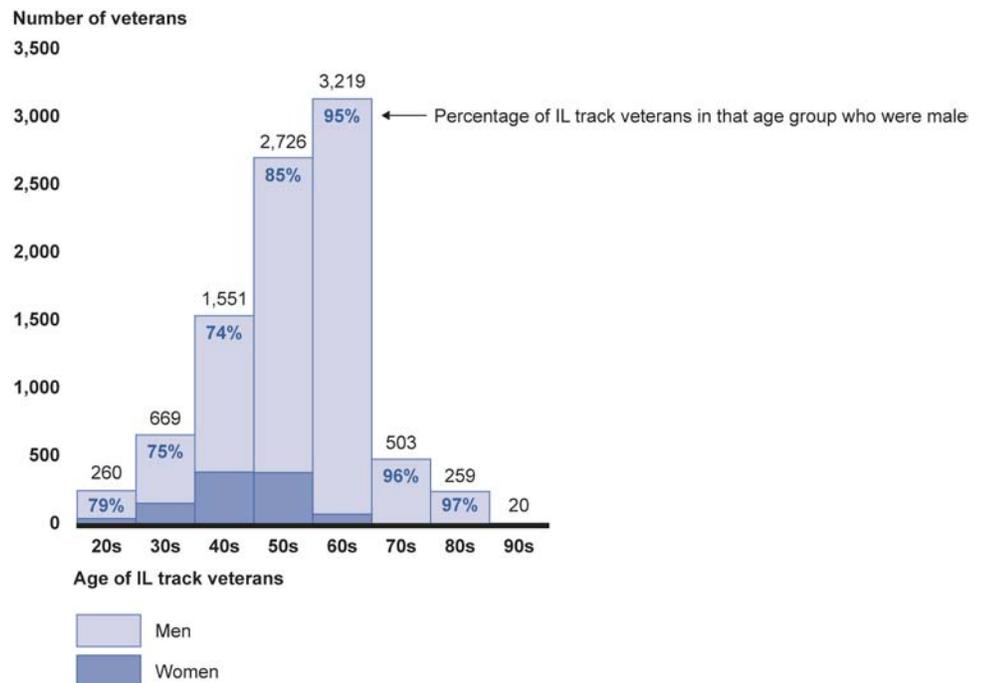
²⁰ 38 C.F.R. § 21.283(e).

The IL Track Mainly Serves Older Veterans and Provides a Wide Variety of Benefits

IL Serves Mainly Vietnam-Era Veterans and Those with Post-traumatic Stress Disorder

From fiscal years 2008 through 2011, the typical participant in the IL track was an older male Vietnam-era veteran. Of the 9,215 veterans who entered the IL track at some point during these years, most (67 percent) were males 50 years old or older. Most women in the IL track were in their 40s or 50s (see fig. 4). The gender and age distributions of IL track veterans were similar to those of veterans who were receiving VA Disability Compensation cash benefits. In fiscal year 2011, about 92 percent of these veterans were male, and almost 68 percent were age 55 or older.

Figure 4: FY 2008-2011 Independent Living Track Veterans, by Gender and Age

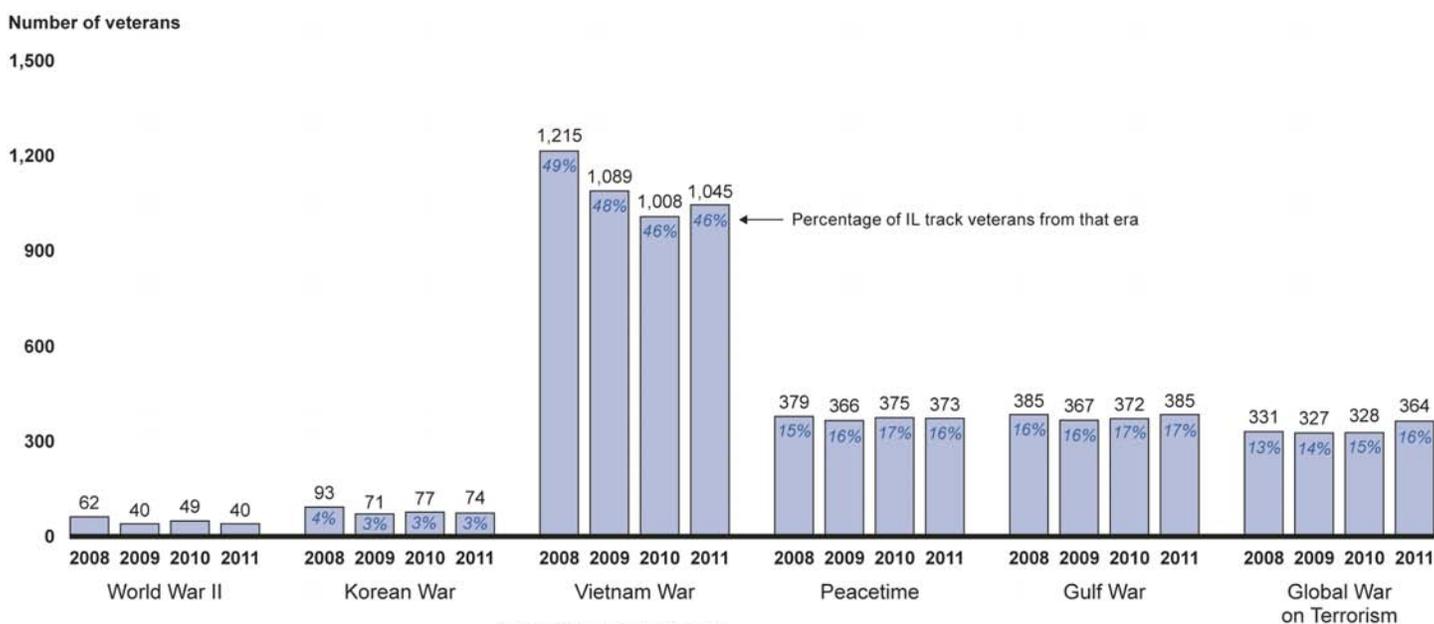


Source: GAO analysis of VA data.

Note: The number in this figure does not add to the 9,215 veterans who entered the IL track during fiscal years 2008 through 2011 because information on gender and age was missing in about 1 percent of these cases.

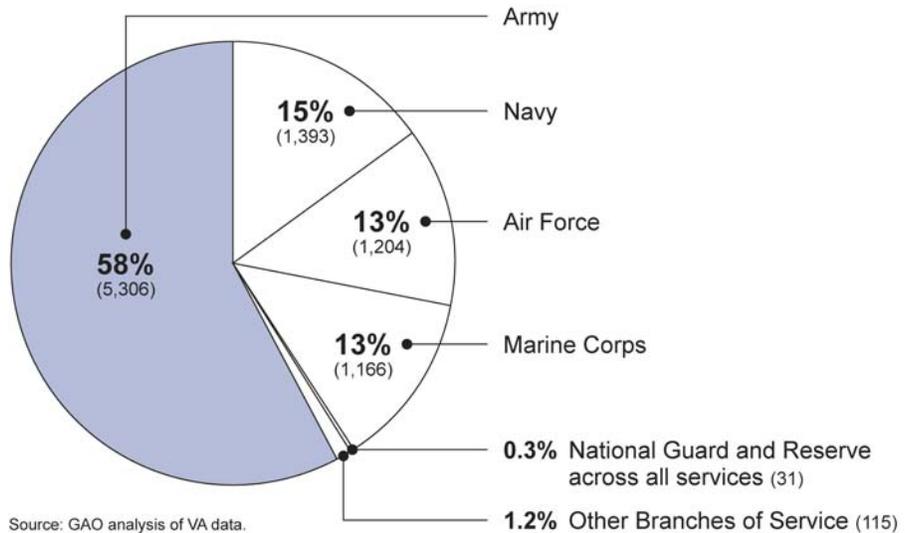
Most of the 9,215 veterans who entered the IL track during fiscal years 2008 through 2011 served in the Vietnam War. However, there was a slight increase in the number of “Global War on Terrorism” veterans—including those who served during the war in Afghanistan as part of Operation Enduring Freedom and the war in Iraq as part of Operation Iraqi Freedom—from 13 percent in fiscal year 2008 to 16 percent in fiscal year 2011 (see fig. 5).

Figure 5: Independent Living Track Veterans during FY 2008-2011, by War Era



In addition, almost 60 percent of IL track veterans served in the U.S. Army and less than 1 percent served in the National Guard or Reserves. Forty-one percent served in the U.S. Navy, U.S. Air Force, or U.S. Marine Corps (see fig. 6).

Figure 6: Independent Living Track Veterans during FY 2008-2011, by Branch of Service



Source: GAO analysis of VA data.

Note: "Other" branches of service include the U.S. Coast Guard and Merchant Marines.

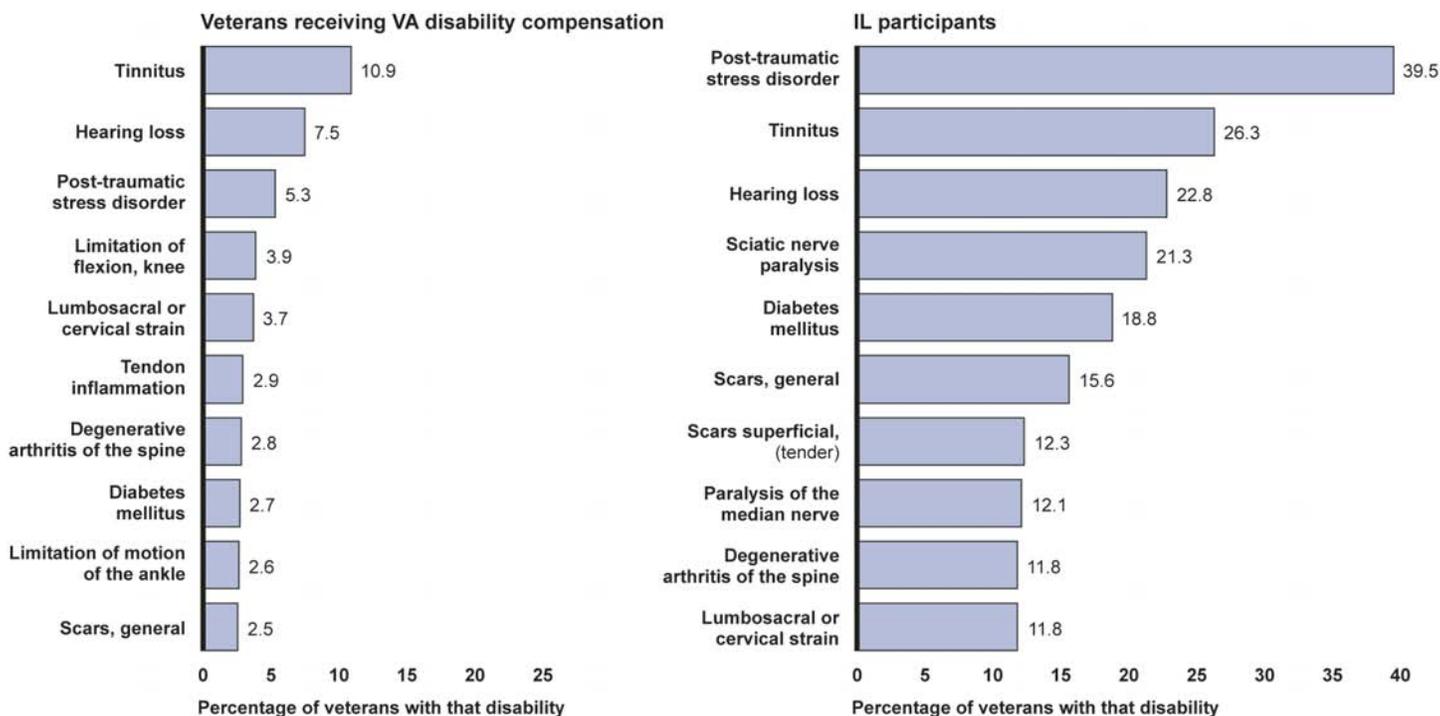
With regard to severity of service-connected disabilities, more than three-quarters of IL track veterans had a combined service-connected rating of at least 60 percent. Thirty-four percent of IL track veterans had a combined service-connected disability rating of 100 percent.²¹ Many IL track veterans may have also been eligible for the VA Disability Compensation program's Individual Unemployability cash benefit.²² Indeed, 38 percent of IL track veterans were eligible for this supplement to their disability compensation payments. Moreover, of those IL track veterans who were at least 60 years old, 85 percent had combined service-connected disability ratings of at least 60 percent and more than a third had combined ratings of 100 percent.

²¹ VA pays monthly disability compensation to veterans with service-connected disabilities—injuries or diseases incurred or aggravated while on active military duty—according to the severity of the disability. VA's ratings are awarded in 10 percent increments, from 0 to 100 percent. Veterans with multiple disabilities receive a single composite (or combined) rating.

²² Veterans of any age determined to be "unemployable" because of a combined service-connected disability rating between 60 and 90 percent, can qualify for an increase in their disability compensation to the amount paid to veterans with a combined service-connected disability rating of 100 percent.

IL track veterans had a wide variety of service-connected disabilities, and most had more than one. Regardless of disability rating level, the most prevalent disabilities among this group were Post-traumatic Stress Disorder (PTSD), tinnitus (“ringing in the ears”), and hearing loss. As shown in figure 7, many of these disabilities—7 of the top 10 we identified in these cases—are similar to the most prevalent conditions among veterans rated by VA’s Disability Compensation program in fiscal year 2011.

Figure 7: Comparison of the 10 Most Prevalent Disabilities among Independent Living Track Veterans from FY 2008-2011 and Veterans Receiving Disability Compensation for FY 2011



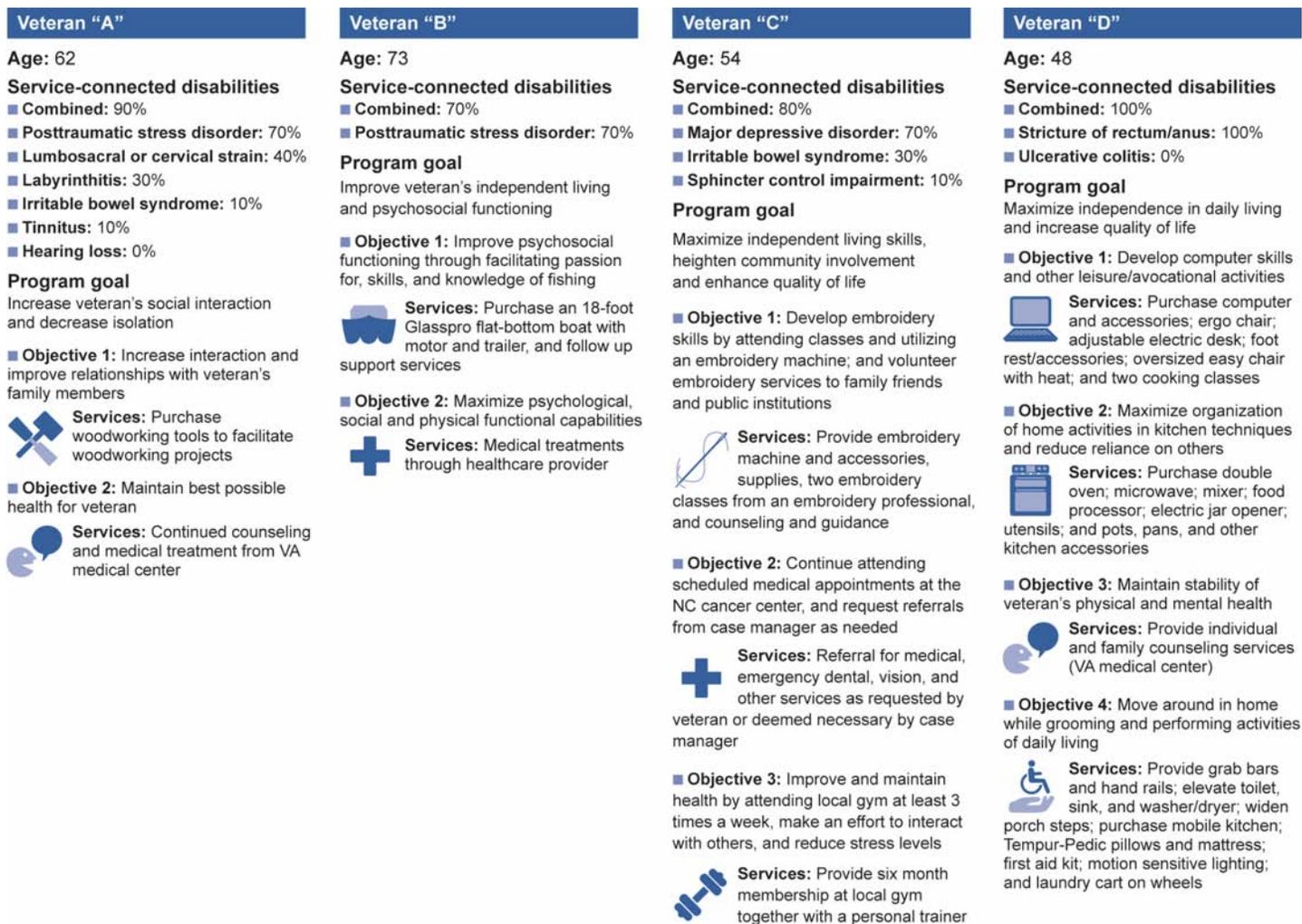
Source: GAO analysis of VA data.

The IL Track Has Provided a Wide Range of Benefits

Our review of the case files of 182 randomly selected IL track veterans in fiscal year 2008 shows that they were provided a wide range of goods and services to help them live independently. Goods and services ranged from individual counseling and the installation of ramps to improve accessibility of veterans’ homes, to a boat, camping gear, and computers intended by VA to help decrease veterans’ social isolation. Figure 8 provides examples of the types of benefits provided in four IL track cases

we reviewed. (See appendix III for a complete list of goods and services we identified in 182 IL track cases.)

Figure 8: Examples of the Types of Goods and Services Provided in Four of the Independent Living Track Cases GAO Reviewed



Source: GAO analysis of IL track veterans' case files from fiscal year 2008.

While VR&E can provide a wide range of benefits to IL track veterans, VR&E's policy as of November 2012 prohibits providing courses of study

and training to veterans that would lead to academic degrees, and purchasing certain types of equipment, such as lawn tractors.²³ Our review of fiscal year 2008 IL cases shows instances where VR&E purchased lawn tractors and a riding mower. However, VR&E officials told us that there was no specific guidance prohibiting provision of such equipment in that year.

As shown in table 1, we classified the wide range of goods and services we found in the 182 IL track case files we reviewed into nine general categories:

Table 1: Categories of Goods and Services Provided to Independent Living Track Veterans

Category	Category Definition	Examples
Adaptive equipment	Non-electronic goods that aid in independent living.	<ul style="list-style-type: none"> • Mattresses • Elastic shoelaces • Grab bars • Medication dispensers
Assistive devices and technology	Electronic goods used to improve veterans' functional capabilities.	<ul style="list-style-type: none"> • Lift chairs • Adjustable beds • Hydraulic patient lifter • Electric jar opener
Avocational/leisure equipment	Goods used for hobbies or recreational activities.	<ul style="list-style-type: none"> • Miter saw • Camping equipment • Boat • Silversmithing and engraving tools
Computer and camera equipment	Goods related to the purchase of a computer or camera.	<ul style="list-style-type: none"> • Laptops • Printers • Memory cards • Video camcorder

²³ VR&E's policy states that the agency does not have the authority to purchase or rent automobiles, trucks, or other similar "conveyances" for veterans. Also, while VR&E may provide mobility aids such as wheelchairs to veterans, tractors or mowers should never be approved as a mobility aid. See Department of Veterans Affairs, Veterans Benefits Administration, *Purchase of Vehicles for Vocational Rehabilitation & Employment (VR&E) Participants under 38 U.S.C. Chapter 31 is prohibited*, VR&E Letter 28-13-08 (November 6, 2012).

Category	Category Definition	Examples
Counseling services	Social, vocational or psychotherapeutic services.	<ul style="list-style-type: none"> • Rehabilitation services • IL training • Adjustment counseling • Psychotherapy
Education and training	Education and training for “non-academic” purposes.	<ul style="list-style-type: none"> • Non-college degrees • Computer training • Apprenticeships • Driving lessons
Medical care and health-related services	Services to improve veterans’ health.	<ul style="list-style-type: none"> • Dental care • Vision care • Gym memberships • Personal training
Residential adaptation and repair	Goods and services related to home remodeling, construction or repairs to enable veterans to access their homes more easily.	<ul style="list-style-type: none"> • Home construction • Ramp construction • Bath safety installations • Smoke detector
Other goods and services	Goods and services that we were unable to classify in one of the other categories listed.	<ul style="list-style-type: none"> • IL equipment • Boat shipping service • Warranties for goods and services purchased • Riding lawn mower/tractors • Snow blowers

Source: GAO analysis of 182 case files of IL track veterans from fiscal year 2008.

Although we were unable to estimate the number of times certain goods and services were provided in the 182 IL track cases we reviewed,²⁴ we generally found that the most common type of goods or services provided in the cases we reviewed were in three categories: 1) counseling, 2) education and training, and 3) computer and camera equipment.

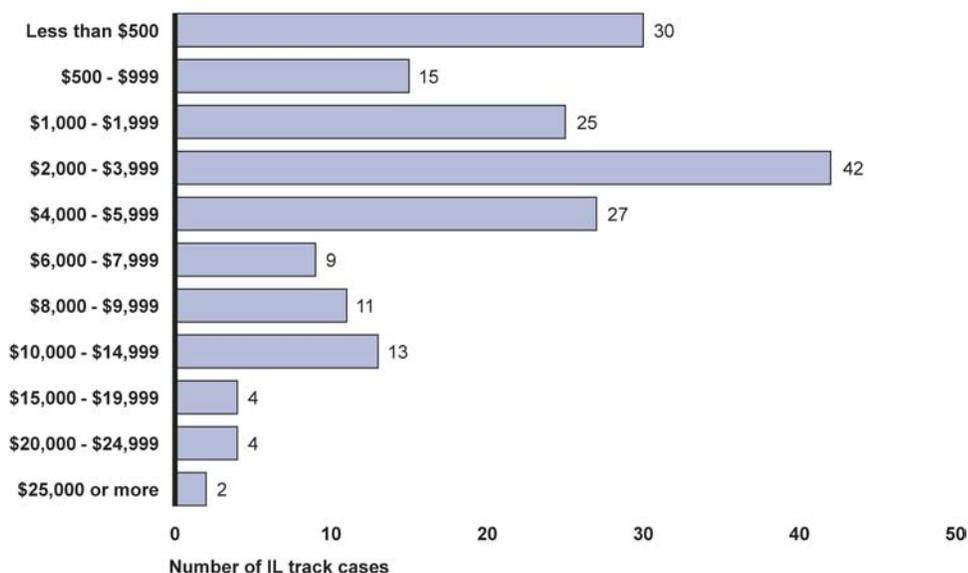
We were, however, able to estimate the costs of the goods and services purchased for IL track cases. For all veterans who entered the IL track in fiscal year 2008, we estimate that VR&E purchased a total of almost \$14 million in goods and services.²⁵ The average spent on purchases of

²⁴ See appendix I for more information on the limits of our case file review.

²⁵ For confidence intervals for these estimates, see appendix I.

goods and services per IL track case that year was nearly \$6,000.²⁶ In the 182 IL track cases we reviewed, the total amount VR&E spent on purchases of goods and services per veteran varied from \$20 to over \$33,000. Nearly 40 percent of the 182 veterans received \$4,000 or more on purchases of goods and services (see fig. 9).

Figure 9: Distribution of Independent Living Track Cases Reviewed by Costs of Goods and Services Purchased for Veterans



Source: GAO analysis of 182 case files of IL track veterans from fiscal year 2008.

²⁶ The median cost per IL track case that year was about \$3,900. At the 95 percent confidence interval, the amount of median expenditures per veteran who started an IL track case in fiscal year 2008 falls between \$3,071 and \$4,452. For additional confidence intervals for these estimates, see appendix I.

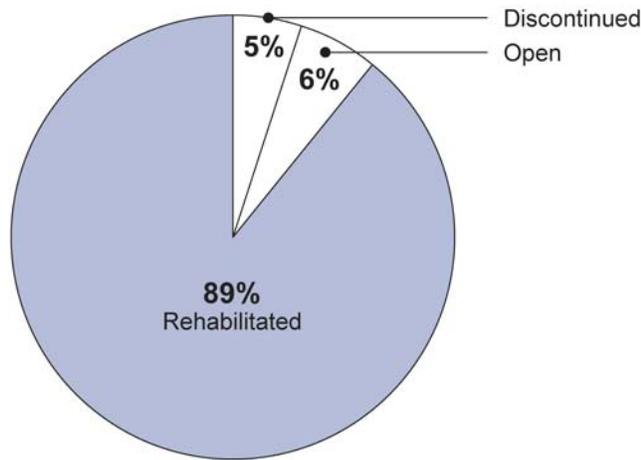
Most Veterans Completed “Rehabilitation” but with Varying Time Frames

Most Veterans in the IL Track are Ultimately Classified by VR&E as “Rehabilitated”

Based on our analysis of IL track veterans who began only one plan during fiscal year 2008, we found that most of these veterans were classified by VR&E as “rehabilitated”—successfully reaching and maintaining the goals identified in their IL plan.²⁷ By the end of fiscal year 2011, as shown in figure 10, about 89 percent of veterans who began an IL plan in fiscal year 2008 had been classified by VR&E as “rehabilitated.” About 5 percent of cases were “discontinued” or closed by VR&E because the rehabilitation goals in the veteran’s IL plan were not completed. The remaining 6 percent of veterans’ cases were still open at the end of fiscal year 2011.

²⁷ VR&E officials told us that the law does not limit the number of IL plans VR&E can develop for a veteran, and as a result, veterans can have more than one plan. For our analysis, we included veterans who began only one plan during fiscal year 2008. Of the 2,465 veterans who began an IL plan during fiscal year 2008, 2,274—about 92 percent—had only one IL plan. In addition, our analysis excludes 34 veterans who entered the IL track during fiscal year 2008 but whose cases were subsequently transferred to another one of VR&E’s employment tracks. We found that less than 1 percent of IL cases transferred to one of VR&E’s employment tracks. See appendix I for more information about our analyses.

Figure 10: Status at the End of FY 2011 of Independent Living Track Cases That Began in FY 2008



Source: GAO analysis of VA data.

Of the 122 IL cases from fiscal year 2008 that had been discontinued, we found that about half were discontinued because the veteran declined benefits or did not respond when VA attempted to contact them. Another 29 percent were discontinued because the veteran died. Also, some VR&E officials and staff we spoke with during our site visits told us that veterans may drop out of the IL track for other reasons, such as their condition worsens or they experience family problems.

Furthermore, while most veterans were classified by VR&E as “rehabilitated,” we found that the nature and complexity of IL plans can vary based on veterans’ individual disabilities and needs. As such, some plans are easier for VR&E to close as rehabilitated than others. For example, in one case we reviewed, the IL plan for a veteran with rheumatoid arthritis only called for the purchase and installation of eight door levers and a grab rail for the bathtub, so that the veteran could enter the rooms of his home without pain or assistance, and be able to safely enter and exit the bathtub without fear of falling. Other cases were more complex to close as rehabilitated because of the nature of services being provided to the veteran. For instance, another case we reviewed called for providing a veteran who used a wheel-chair with medical, dental, and vision care as needed and about \$24,000 in modifications to the veteran’s home, including modifying the veteran’s bathroom, widening doors and modifying thresholds, and installing an emergency exit ramp in a bedroom.

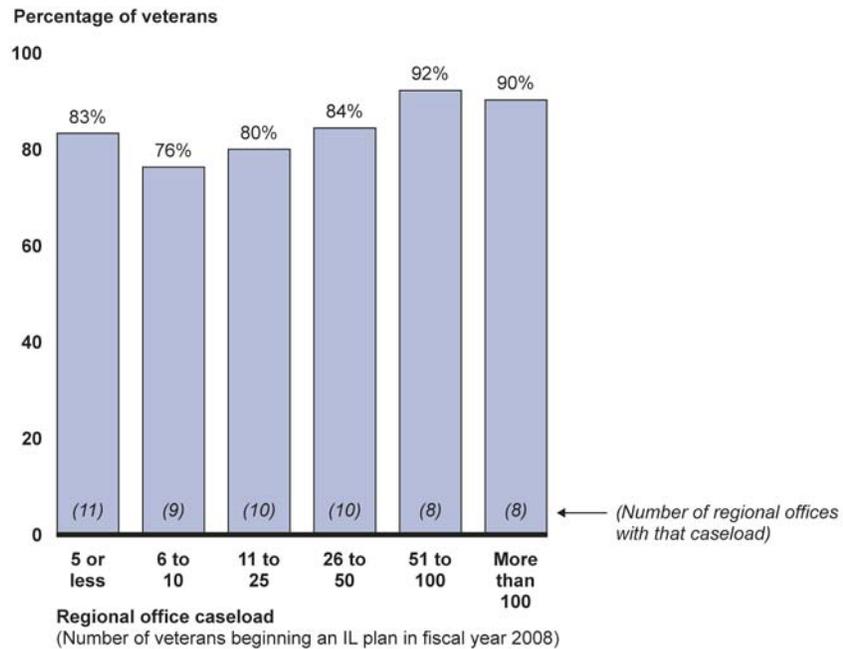
While the overall IL rehabilitation rate nationwide of 89 percent is fairly high, we found that the percentage of veterans who began an IL plan in fiscal year 2008 and were rehabilitated by the end of fiscal year 2011 varied by regional office.²⁸ IL rehabilitation rates in these cases ranged from 0²⁹ to 100 percent across regional offices, although about two-thirds of regional offices had rehabilitated 80 percent or more of 2008 IL track veterans by the end of fiscal year 2011. (See appendix IV for a complete list of rehabilitation rates for all regional offices.) In addition, VR&E's IL rehabilitation rate was higher in regional offices with larger IL caseloads. Among veterans who entered the IL track in fiscal year 2008, an average of 90 percent were rehabilitated at offices with more than 25 IL entrants, compared to an average of 79 percent at offices with 25 or fewer IL entrants (see fig. 11).³⁰

²⁸ We calculated this rate based on both closed and open IL cases for veterans beginning the IL track during fiscal year 2008. In our calculation of the IL rehabilitation rate, we did not include IL track veterans who were transferred to another VR&E employment track. In contrast, VR&E calculates its IL rehabilitation rate using only those IL cases that were closed as "rehabilitated" or "discontinued" during a fiscal year.

²⁹ In the Washington D.C. Regional Office, which VA now refers to as the National Capital Region Benefits Office, two veterans entered the IL track during fiscal year 2008. One case was discontinued, and one case was open at the end of fiscal year 2011.

³⁰ Twenty-six regional offices had more than 25 veterans enter the IL track during fiscal year 2008, while 30 offices had 25 or fewer veterans enter the IL track during the same time period. Two offices had no IL track entrants that year.

Figure 11: Percentage of FY 2008 Independent Living Track Veterans Rehabilitated, by Regional Office Based on Caseload



Source: GAO analysis of VA data.

Note: This table represents those veterans with only one IL plan who entered the IL track in fiscal year 2008 and who were rehabilitated by the end of fiscal year 2011.

The Time to Rehabilitate IL Track Veterans Varied by Regional Office and Veteran Age

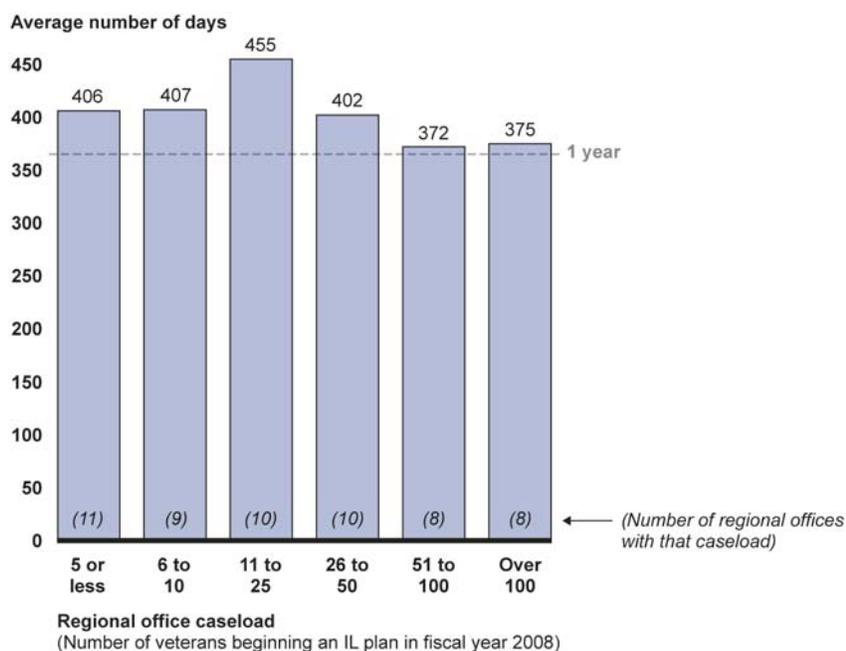
Furthermore, we found that fiscal year 2008 IL track veterans nationwide completed their IL plans, i.e., were classified rehabilitated, in an average of 384 days (about 13 months).³¹ About 50 percent of these veterans completed their IL plans within 1 year, 79 percent within 2 years, and 88 percent within 3 years. Average days for these IL track veterans to complete their plans varied by regional office from a low of 150 days at the St. Paul Regional Office to a high of 895 days at the Roanoke Regional Office.³² However, at most regional offices (49 of 53)³³ the

³¹ Our analysis of the amount of time to rehabilitate IL participants is based on the 2,274 veterans who had a single IL plan developed in fiscal year 2008. These veterans represent about 92 percent of the total 2,465 veterans entering the IL track in fiscal year 2008.

³² The St. Paul Regional Office had nine veterans enter the IL track during fiscal year 2008, while the Roanoke Regional Office had two veterans enter that year.

average time to complete IL plans ranged from 226 to 621 days (8 to 21 months). (See appendix V for a complete list of rehabilitation times for all regional offices.) Also, as shown in figure 12, IL track veterans generally completed their plans in less time at regional offices with larger IL caseloads than at offices with smaller caseloads.

Figure 12: Average Length of Time to Complete an Independent Living Plan, by Regional Office Based on Caseload



Source: GAO analysis of VA data.

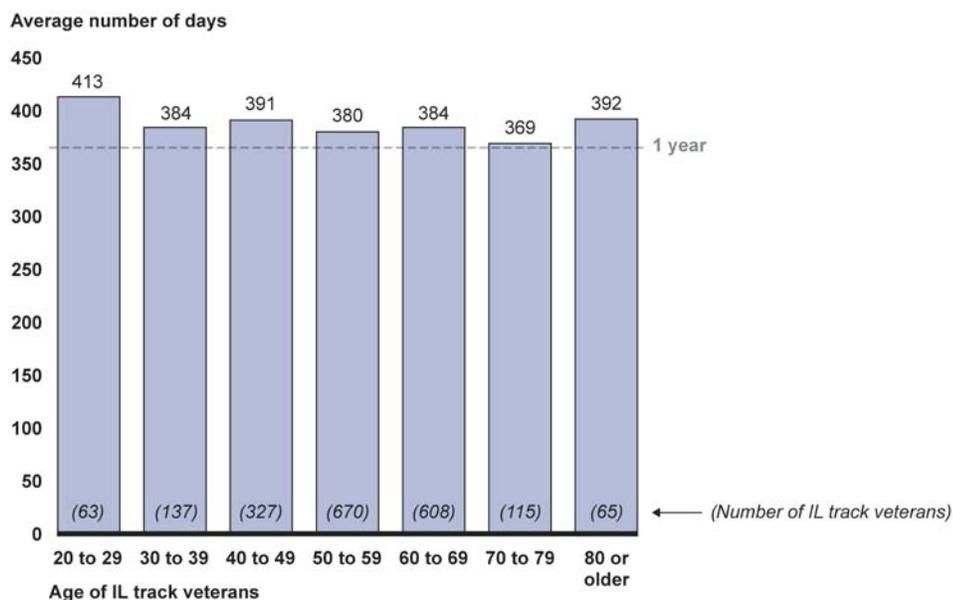
Note: This table represents those veterans who began one IL plan in fiscal year 2008 and were rehabilitated by the end of fiscal year 2011.

The average time for veterans to complete their IL plans also varied by veteran age. The oldest veterans completed their plans slightly more quickly than the youngest. More specifically, veterans who were 70 to 79

³³ We reported the average time to complete IL plans for 53 of VA's 56 regional offices because two offices did not have veterans begin the IL track in fiscal year 2008. Another office had two IL track veterans begin during this period, but these veterans were not "rehabilitated."

completed their plans in an average of 369 days, while those who were 20 to 29 completed them in an average of 413 days (see fig. 13).³⁴

Figure 13: Average Time to Complete Independent Living Plans, by Veteran Age Groups



Source: GAO analysis of VA data.

Note: This table represents those veterans who began one IL plan in fiscal year 2008 and were rehabilitated by the end of fiscal year 2011.

GAO Analysis of Likelihood of Veterans Completing Their IL Plans

Because differences in the length of time to complete IL plans could have occurred by chance or be explained by many factors—including the type and severity of disability or veteran age—we used a statistical model to estimate the amount of time it would take certain groups of IL track veterans to complete their IL plans while controlling for type and severity

³⁴ While there was no clear pattern for the time it took veterans to complete their IL plans based on veterans' combined service-connected disabilities, totally disabled veterans took about a month longer on average to complete their IL plans than non-totally disabled veterans.

of disability and other demographic characteristics.³⁵ (See appendix II for more detailed information on our model and analysis.) The results of our model showed that the chance of rehabilitation within 2 years varied by regional office. At four regional offices the chance of being rehabilitated within 2 years was less than 50 percent. At 18 offices the chance was between 50 and less than 90 percent. At 16 offices the chance was 90 percent or greater.

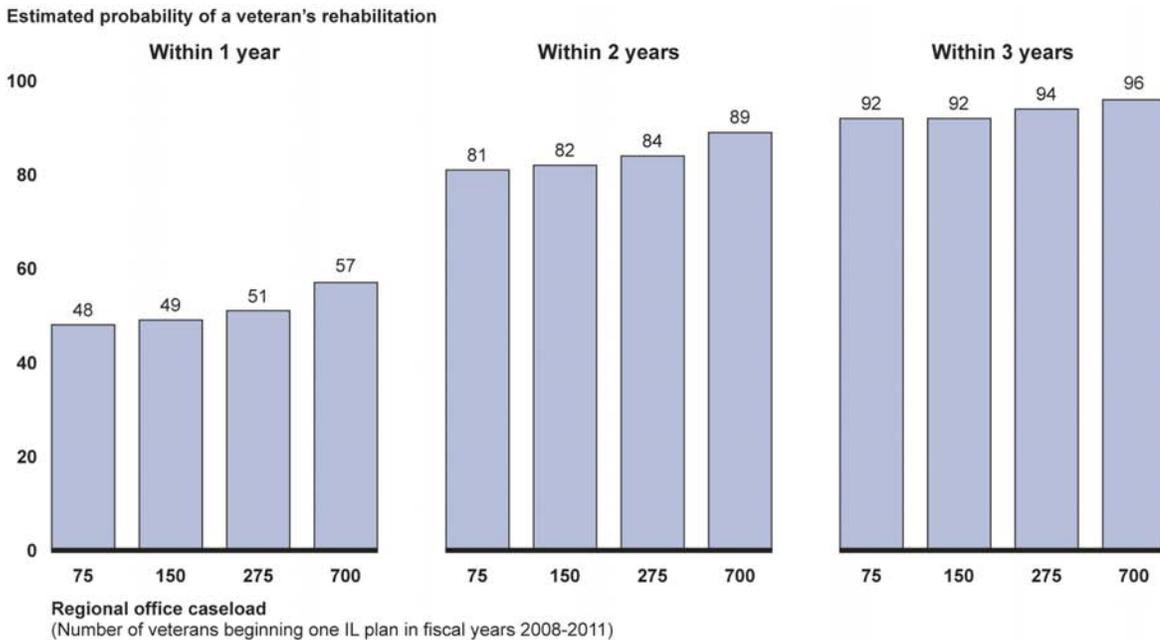
Our model also estimated that a veteran served by a regional office with a large IL caseload had a higher probability of completing an IL plan more quickly than a veteran served by an office with a small IL caseload. More specifically, we determined that a typical IL track veteran at an office with a total of 75 IL cases entering the IL track during fiscal years 2008 through 2011 had a 48 percent chance of completing an IL plan within 1 year and a 92 percent chance of completing an IL plan within 3 years,³⁶ while a veteran at a regional office with 700 IL cases had a 57 percent chance of completing an IL plan within 1 year and a 96 percent chance of completing their plan within 3 years (see fig. 14).³⁷ Finally, based on our model we estimated that older veterans had a higher probability of completing an IL plan more quickly than younger veterans. For example, a 75 year old veteran had a 41 percent chance of completing an IL plan within one year, while a 30 year old veteran had a 33 percent chance. We found no meaningful differences in the time it takes to complete an IL plan as “rehabilitated” according to veteran gender and most disability types. However, we found small differences according to length of military service, education, and combined service-connected disability rating (see appendix II).

³⁵ Our model is based on the experiences of veterans who entered the IL track during fiscal years 2008 through 2011 and had only one IL plan during this time period. We used our model to estimate the probability of a veteran being rehabilitated within 2 years if the IL plan was begun at a regional office that had at least 50 IL cases during fiscal years 2008 through 2011.

³⁶ In general, programs of independent living may not exceed 24 months except under certain circumstances. An additional 6 months is allowed if it would enable veterans to substantially increase their level of independence in daily living. In addition, VR&E officials stated that they may extend the duration up to 36 months for veterans with severe disabilities who served on active duty on or after September 11, 2001.

³⁷ Our model shows that VR&E’s rehabilitation rate increases by 4.3 percent for each additional 100 cases a regional office completes. The margin of error associated with these estimates ranged from 3.3 to 5.4 percent at the 95 percent confidence level.

Figure 14: Estimated Probability of a Veteran Completing an Independent Living Plan within Certain Time Periods, by Regional Office Based on Caseload



Source: GAO statistical analysis of VA data.

Note: Estimates were calculated from a statistical model. See appendix I and II for more information.

VR&E Exercises Limited Oversight of the IL Track

National oversight of VR&E's IL track is limited in four key areas: (1) ensuring compliance with case management requirements; (2) monitoring regional variation in IL track caseload and benefits provided; (3) adequacy of policies and procedures for approving expenditures on goods and services for IL track veterans; and (4) availability of critical program management information.

Regional Offices May Not Be Complying with VR&E Case Management Requirements

Based on VR&E's compliance reports from two of the regional offices we visited and interviews with staff in these offices, we found that some offices may not be complying with certain VR&E case management requirements governing the IL track. Specifically, some Vocational Rehabilitation Counselors (VRC) are not fulfilling VR&E's requirement to meet in-person each month with IL track veterans to monitor progress in

completing their IL plans.³⁸ Site visit monitoring reports³⁹ from two regional offices we visited indicated that these offices faced difficulties complying with this requirement. According to these reports, some VRCs were not able to schedule monthly in-person meetings with IL track veterans to check their progress in completing their IL plans. In addition, VRCs we spoke with during our site visits said that compliance with this requirement continues to be a challenge due to the size of their caseloads and the distances that they have to travel to meet with veterans. While VR&E's Central Office acknowledges that it can be challenging for some offices to comply with this requirement, officials stated that face-to-face contact with IL track veterans is extremely important due to the nature of their disabilities and the need for more intensive rehabilitation services.⁴⁰

Furthermore, while VR&E and VHA both have policies that require them to coordinate on the provision of goods and services for IL track veterans, we found that some VRCs experience challenges in doing so.⁴¹

Specifically, VA regulations governing VR&E's IL track require that if a veteran needs special equipment and is eligible for such equipment under another VA program, the items will be provided under that program.⁴²

Therefore, prior to VR&E purchasing services for veterans, officials told us that VRCs are required to refer cases to other VA providers, such as VHA's Home Improvements and Structural Alterations (HISA) program and VA medical centers, to determine whether veterans are eligible to

³⁸ VR&E's policy manual states that contact via telephone, email, or mail can be used as alternatives when necessary. Department of Veterans Affairs, Vocational Rehabilitation and Employment, *Chapter 9: Guidelines for the Administration of An Independent Living Plan*, VR&E manual, Part IV, Section C, Chapter 9.

³⁹ VR&E's Quality Assurance (QA) Program at the national level periodically performs file reviews and site visits of selected regional offices to assess service delivery and compliance with VA regulations, procedures, and other directives. After the QA review or site visit, a report is provided to the regional office under review that summarizes the key results and findings.

⁴⁰ According to officials, the monthly in-person meeting requirement is only for the IL track, not VR&E's other employment-related tracks.

⁴¹ VRCs we interviewed during our site visits reported relatively few challenges coordinating with SAH because not many IL cases are referred to this program for home modifications. In particular, we found in the 182 IL cases we reviewed that less than 3 percent were referred to SAH. VRCs commented that many veterans do not qualify for the SAH's home modification grants because of their eligibility requirements.

⁴² 38 C.F.R § 21.216(b).

receive the goods and services identified in their plan from these providers. In addition, VHA 's policy directive for coordinating with VR&E is intended to ensure that all VR&E participants, including those in the IL track, receive timely access to VHA health care services. The directive requires medical center directors to (1) provide clinically appropriate care to VR&E participants, (2) establish procedures to manage these participants' timely access to care, and (3) ensure that clinical staff are trained in these procedures, including how to alert appropriate VBA officials when timeliness of care could be an issue, among other requirements.⁴³

Despite these VR&E and VHA policies, our review of 182 IL track records found some instances where VR&E purchased goods and services that appear to be medically related, such as ramps and grab bars, and could have been provided by VHA. There may have been little coordination on IL track cases because, as VR&E officials and staff at the five VA regional offices we visited told us, coordinating with VHA medical center staff can be challenging. Several VRCs indicated that when they refer IL track cases to VHA physicians to determine whether any of the medical-related benefits identified in the IL plans—such as grab bars, wheelchairs, and safety rails—had been or could be provided by VHA, in many instances, VHA physicians do not respond or respond too late. As a result, services for IL track veterans were either delayed or purchased by VR&E instead of VHA. According to some VHA staff, lack of or delays in coordination are sometimes due to differences in VR&E rehabilitation goals and VHA long-term medical goals for veterans. For example, VHA staff members mentioned they would not approve VRCs' requests for lift chairs unless veterans absolutely needed them because VHA staff members said their medical goal is to promote continued mobility.

VR&E Does Not Systematically Monitor Variation in IL Track Caseload Size and Benefits Provided

While IL track caseload size and benefits vary across regions, VR&E does not systematically monitor these variations. We found regional differences in the size of IL caseloads, the range of needs covered in a veteran's IL plan, and the types of goods and services provided. As shown in figure 15, the total IL track caseload during fiscal years 2008 through 2011 ranged from over 900 cases in the Montgomery Regional

⁴³ Department of Veterans Affairs, Veterans Health Administration, VHA Directive 2010-022, *Vocational Rehabilitation: Chapter 31 Benefits, Timely Access to Health Care Services* (May 14, 2010).

Office in Alabama to 4 cases in the Wilmington Regional Office in Delaware. (See appendix VI for annual IL caseload data.) While one would expect differences in caseload size based on the number of veterans in an office's service area, some differences in IL caseload could not be explained by the size of the veteran population in an office's service area. For example, while the estimated size of the veteran populations in Alabama and Massachusetts are similar, Montgomery's IL caseload of over 900 veterans was more than 100 times as large as Boston's IL caseload of 8 veterans. VR&E officials told us they are aware that some offices have low IL participation levels, and attributed some of the difference to factors, such as the presence of specialized treatment centers in certain areas of the county that can increase caseload numbers in those regions. However, evidence from our site visits suggests that there may be other factors that drive the number of veterans entering a region's IL track. For example, officials from the Detroit Regional Office—which had the second highest total IL caseload across fiscal years 2008 through 2011—attributed the size of their caseload to their office's focus on IL cases and community outreach efforts, including the involvement of veteran service organizations. The Atlanta Regional Office also mentioned that in addition to the size of the veteran population in Georgia and the presence of army bases, the size of their IL caseload is influenced by increased community interest in the IL track in recent years, and the informal efforts of past IL participants to provide information about the IL track to other veterans.

needs while others elect to develop more focused plans. Officials we spoke with during our site visits also confirmed that regions differ in their approach to developing IL plans, and in one region, officials commented that some regions may develop simpler plans with fewer benefits to achieve VR&E's rehabilitation goal. Moreover, VR&E's 2008 study of the IL track reported that some regions relied repeatedly on the same types of benefits to meet veterans' IL needs.⁴⁴ For example, in the New York and Hartford regional offices, nearly 90 percent of IL participants were provided computer training. This was almost twice the rate of Detroit—the office with the next highest rate of providing veterans with computer training—in 44 percent of its IL cases. Other offices focused more heavily on providing goods or services to support veterans' avocational interests or on finding veterans volunteer opportunities, while some consistently focused on providing veterans with health club memberships. For example, the St. Petersburg Regional Office accounted for 33 percent of veterans receiving volunteer opportunities. In addition, the 2004 VR&E Task Force report noted significant differences in field office philosophy regarding the scope and administration of the IL track, and also recommended providing VR&E Central Office greater "line-of-site authority" over VR&E field operations.⁴⁵ As noted earlier, VBA's Office of Field Operations rather than VR&E's Central Office has direct line of authority over regional VR&E staff and operations.

While VA officials acknowledged the existence of regional variation in these areas, VR&E's current oversight approach may not be adequate to ensure consistent administration of the IL track across regions. The standards for internal control in the federal government emphasize the need for federal agencies to have timely information to effectively monitor and mitigate program risks.⁴⁶ To oversee administration of the IL track,

⁴⁴ United States Department of Veterans Affairs, *Vocational Rehabilitation & Employment Services: Independent Living Participant Study* (September 26, 2008).

⁴⁵ VA Vocational Rehabilitation and Employment Task Force. *Report to the Secretary of Veterans Affairs: The Vocational Rehabilitation and Employment Program for the 21st Century Veteran* (2004).

⁴⁶ The standards for internal control in the federal government state that it is important for federal agencies to have timely information to help ensure efficient and consistent program administration. In addition, it is also critical for federal agencies, including those with highly decentralized program operations, to comprehensively identify risks that may impede their ability to achieve program goals. See GAO, *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

VR&E has relied on the information provided through its general quality assurance (QA) activities and a series of periodic ad hoc studies. The QA activities are conducted by each region as well as VR&E's QA staff located in Nashville, Tennessee. However, these activities are limited in scope, frequency, and how the information is used. At the national level, a team of VR&E QA staff are required to perform periodic site visits to each VA regional office at least every 3 years, although officials told us they have not been able to meet this goal in recent years because of budgetary constraints. This team also periodically reviews a sample of veterans' records from VR&E's IL and employment tracks in selected regions. After each site visit and case review, the QA team produces a report for the particular region under review. While VR&E officials told us that QA results are "analyzed to determine trends," it is unclear how VR&E uses these results to ensure that consistent procedures are used by regional offices nationwide.

In addition to these QA activities, VA has funded two studies over the past several years on the VR&E program, including implementation of the IL track, and a third is under way.⁴⁷ In 2003, VA appointed a task force to evaluate the overall VR&E program and recommend ways service delivery could be improved. In 2008, as mentioned, a study was issued by VR&E on the types of services received by IL track participants and the impact those services had on veterans.⁴⁸ This study found, among other things, that IL participants received a broad range of services, and that some regional offices favored providing certain types of services to IL track veterans. Finally, in October 2012, VR&E awarded a contract for about \$890,312 to study the IL track service delivery process, barriers and incentives for field staff when considering the provision of services, current and future training strategies, and other areas. VR&E officials anticipate receiving the final results from this study in July 2013.

⁴⁷ VA is also mandated by Congress to conduct a longitudinal study of individuals in VR&E's programs, including the IL track, to determine the long-term outcomes of program participants. Results from this study are required to be reported to the House and Senate Veterans' Affairs Committees on an annual basis. Veterans' Benefits Improvement Act of 2008, Pub. L. No. 110-389, § 334, 122 Stat. 4145, 4172.

⁴⁸ United States Department of Veterans Affairs, Vocational Rehabilitation & Employment Services: Independent Living Participant Study (September 26, 2008).

VR&E Policy for Approving IL Track Expenditures Might Not Be Adequate

Considering the broad discretion VR&E provides to regions in determining the range of needs covered in IL track plans and the types of goods and services selected to meet these needs, VR&E's current policy for approving IL track expenditures may not be adequate. To guard against fraud, waste, abuse, and mismanagement, the standards for internal control emphasize the need for agencies to have appropriate levels of supervision and controls in place to prevent one individual from having responsibility for all key aspects of a transaction or event.⁴⁹ VR&E Central Office is responsible for managing the program's national budget. While officials told us that VRCs are required to include all cost estimates when they submit veterans' IL plans to be reviewed and approved by the region's VR&E Officer, VR&E was unable to provide any written policy or guidance that explicitly states this requirement for all IL expenditures.⁵⁰ VR&E's current written policies allow each region to unilaterally approve construction-related expenditures up to \$25,000 per case and non-construction expenditures up to \$100,000 per case without approval from VR&E Central Office. In addition, VRCs can spend up to \$2,000 on construction-related expenditures and up to \$25,000 on non-construction expenditures without supervisory review of any kind (see table 2). Under this policy, regional offices are permitted to purchase a broad range of items without any Central Office approval, resulting in some offices purchasing goods and services that may be questionable or that are costly. For example, in one of the 182 IL cases we reviewed, VR&E Central Office would not have been required to approve total expenditures of \$18,829 for a riding lawn mower—which VR&E policy prohibits⁵¹—and other IL goods and services including a bed, bed frame, desktop computer, and woodworking equipment. In another case, VR&E

⁴⁹ [GAO-01-1008G](#).

⁵⁰ VR&E's guidelines for the administration of an independent living plan state that VRCs are required to obtain appropriate approval if IL costs exceed \$25,000—not that all IL costs are required to be approved. See Department of Veterans Affairs, Vocational Rehabilitation and Employment, *Chapter 9: Guidelines for the Administration of An Independent Living Plan*, VR&E manual, M28, Part IV, Subpart iv, Chapter 9 (December 29, 2006). Furthermore, a 2010 VR&E policy letter outlines information that must be submitted by VRCs to obtain regional or Central Office approval of construction costs that exceed certain thresholds. However, this letter does not outline the requirements for non-construction related costs. Veterans Benefits Administration, *Review of Requests for Independent Living (IL) Construction Costs in Excess of \$2,000*, VR&E Letter 28-11-05 (December 3, 2010).

⁵¹ In 2008, the provision of riding lawn mowers was not specifically prohibited by VR&E policy.

Central Office approval would not have been required for the purchase of a boat, motor, trailer, and the boat's shipping cost to Molokai, Hawaii, among other items, totaling about \$17,500.⁵² Without appropriate approval levels, VR&E's IL track may be vulnerable to potential fraud, waste, and abuse.

Table 2: Level of Approval Required for Construction and Non-Construction-Related Expenditures in Independent Living Track Cases

Required level of approval	Construction-related expenditures	Non-construction related expenditures
No supervisory approval required ^a	Less than \$2,000	Less than \$25,000
Regional VR&E Officer		\$25,000 to less than \$75,000
Regional Office Director	\$2,000 through \$25,000	\$75,000 through \$100,000
VR&E Central Office	More than \$25,000	More than \$100,000

Source: GAO analysis of VA policies.

^a VR&E officials told us that all IL plans require supervisory review. However, VR&E's written policies do not require IL expenditures to be reviewed and approved by the VR&E officer unless they meet certain cost-thresholds.

VR&E Lacks Critical Information Needed for Oversight

VR&E does not collect or report critical program management information—such as the costs of goods and service purchased, the types of benefits provided, and the number of IL veterans served—that would help the agency in its oversight responsibilities. Specifically, VR&E's Corporate WINRS case management system—commonly referred to as “CWINRS”—lacks information on the total amount of funds VR&E expends on IL benefits because the agency does not maintain specific cost information on each of its five tracks or the key program areas these tracks represent, which are employment services and independent living. VR&E aggregates costs across all its tracks, despite VA's managerial cost accounting policies that require the costs of

⁵² The case record indicates that the veteran was provided a boat to “significantly improve independent living and psychosocial functioning”. At the time of assessment, the VRC noted that the veteran, who suffered from PTSD, was socially isolated but had an interest in fishing. However, the veteran's old boat “rotted away,” and the cost for purchasing a new one was high. The VRC noted in the case file that because the veteran received a new boat, he was less depressed and his relationships with family and friends improved.

products and services to be captured for management purposes.⁵³ Federal financial accounting standards also recommend that costs of programs be measured and reported.⁵⁴ According to officials, they do not collect cost information on the IL track alone because they view the five tracks as a single program with the same overarching goal—to help veterans achieve their employment goals. However, in our 2009 report on the VR&E program,⁵⁵ we reported that VR&E serves veterans with fundamentally different program goals and outcomes—those seeking to obtain employment and those seeking to live independently.⁵⁶ As a result, we recommended that VR&E separately track its IL rehabilitation rate.

In addition, the CWINRS system does not collect information on the types of IL benefits provided to veterans in a standardized manner that can be easily aggregated and analyzed for oversight purposes. Currently, VRCs are required to write in a description of the benefits they purchased for IL track veterans in CWINRS. We found, however, that the recorded descriptions lack consistency and vary in their level of detail. In several of the IL track cases we reviewed, the goods and services purchased were grouped together under a general description, such as “IL equipment” or

⁵³ VA’s policy states that managerial cost accounting should be performed to measure and report the costs incurred by the agency. Specifically, each administration and its units should identify the cost of products and services provided. For example, in the case of a VHA medical center, the cost of a product or service may include a laboratory test, a medical ward bed, or a counseling session. The goal of this effort is to identify the product or service at the level in which it is rendered to an external customer, such as a veteran receiving benefits from a VA program. *Department of Veterans Affairs Managerial Cost Accounting: VA Financial Policies and Procedures*, volume III, chapter 3 (July 2010).

⁵⁴ According to these standards, managerial cost accounting is a fundamental part of an agency’s financial management system, and each agency and its units should report the costs of their activities on a regular basis. This cost information can be used by Congress and federal executives in making decisions about allocating federal resources, authorizing and modifying programs, and evaluating performance. The cost information can also be used by program managers in making managerial decisions to improve operating economy and efficiency. *Statement of Federal Financial Accounting Standards 4: Managerial Cost Accounting Standards and Concepts*.

⁵⁵ GAO, *VA Vocational Rehabilitation and Employment: Better Incentives, Workforce Planning, and Performance Reporting Could Improve Program*, [GAO-09-34](#) (Washington, D.C.: January 26, 2009).

⁵⁶ According to VR&E officials, some veterans in the IL track progress to a point where they may be able to pursue employment in one of VR&E’s employment-related tracks; however, as noted earlier in this report, very few veterans make this transition—less than 1 percent of the 8,812 IL track veterans who had one plan during fiscal years 2008 through 2011.

“IL supplies,” without any further details. In other cases, VRCs recorded each purchase separately. For instance, in one case, the VRC created separate entries for each item purchased, for example, “desktop computer,” “computer desk,” “Queen Mattress,” “all in one printer,” “USB cable and ink,” “threshold ramp,” and “washer.” In addition, we found that controls for data entry are not adequate to ensure that all important data is recorded.⁵⁷ For example, we estimated that the service provider field was either missing or unclear for one or more services in about 15 percent of all IL cases that began in fiscal year 2008. Moreover, in another 7 percent of IL cases that began during fiscal year 2008, we found that service provider data was unavailable because CWINRS had overwritten veterans’ 2008 IL plans with subsequent plans. CWINRS only retains veterans’ current IL plan.⁵⁸

Furthermore, CWINRS does not provide VR&E with the information it needs to account for the actual number of IL track veterans it serves to monitor its statutory entrant cap and program operations. The law allows VR&E to initiate “programs” of independent living services and assistance for no more than a specified number of veterans each year, which is currently set at 2,700.⁵⁹ A VR&E policy letter to VA regional offices, dated December 14, 2010, states that “VR&E Service will monitor new IL programs by tracking the number of veterans entering independent living case status in each fiscal year and notify the field of any necessary action if the 2,700 statutory limit is being approached.”⁶⁰ However, in analyzing VR&E’s administrative data, we found that VR&E counts the number of IL

⁵⁷ The standards for internal control emphasize the need to have controls over computerized information systems to ensure the data entered is complete and accurate ([GAO-01-1008G](#)). In addition, GAO’s federal information system controls audit manual states that agencies should establish procedures to provide reasonable assurance that all inputs into the application have been authorized, accepted for processing, and accounted for; and any missing or unaccounted for source documents or input files have been identified and investigated. GAO, *Federal Information System Controls Audit Manual (FISCAM)*, [GAO-09-232G](#) (Washington, D.C.: February 2009).

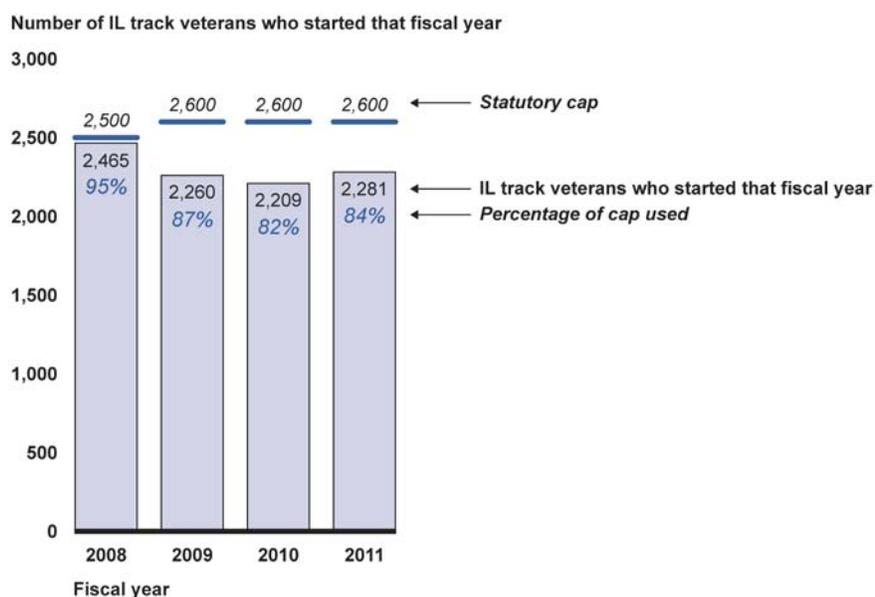
⁵⁸ For confidence intervals for these estimates, see appendix I.

⁵⁹ 38 U.S.C. § 3120(e). According to agency officials, “IL plans” are the same as “programs” of independent living services and assistance.

⁶⁰ According to VR&E officials, entering “independent living case status” means that the veteran is admitted into the IL track. For more information on VR&E’s policy, see Department of Veterans Affairs, Veterans Benefits Administration, *Increase in New Independent Living (IL) Programs Allowed by Congress*, VR&E Letter 28-11-06 (December 14, 2010).

plans developed annually and not the number of individual veterans admitted to the track. VR&E officials told us that the law does not limit the number of IL plans that can be developed for a veteran in a single fiscal year.⁶¹ Because multiple IL plans can be developed for an individual veteran during the same fiscal year, veterans with multiple plans are counted more than once towards the statutory cap by CWINRS. Based on data from CWINRS, 403 (4 percent) of the 9,215 veterans beginning an IL plan during fiscal years 2008 through 2011 had more than one plan during that time. About 22 percent of these veterans had more than one IL plan in the same fiscal year. From fiscal years 2008 through 2011, VR&E did not exceed the statutory cap (see fig. 16).

Figure 16: Number of and Statutory Cap on Veterans Entering the Independent Living Track from FY 2008-2011



Source: GAO analysis of VA data.

Moreover, VR&E officials indicated that they were unaware that CWINRS was calculating the number of plans and not individual veterans. As a result, VR&E lacks complete information on the number of veterans it is

⁶¹ VR&E officials indicated that another IL plan may need to be developed to address subsequent needs that arise from a new medical condition or the progression of an existing one.

...serving through the IL track at any given time—information it could use to better manage staff, workloads, and program resources. According to the standards for internal control, it is important for program managers to have reliable and timely “operational” information to ensure agency goals are met, resources are used efficiently and effectively, and requirements under various laws and regulations are being complied with.⁶²

Finally, recent evaluations of CWINRS have determined that the system does not meet VR&E’s current needs and limits its oversight abilities because important data elements are not captured to support the agency’s “evolving business needs.”⁶³ According to a 2012 VR&E report, VR&E plans to improve CWINRS by (1) increasing data automation to reduce instances of human error, and (2) enhancing system controls to improve the accuracy and comprehensiveness of the data, among other improvements. However, it appears that the CWINRS redesign will not enable VR&E to obtain data on IL track expenditures from the system or to use the system to accurately and efficiently track the types of goods and services the IL track provides. While officials told us that they plan to modify the system to enable them to track individual veterans served through the IL track, they could provide no time frame for this project and noted that it could take up to 3 years to obtain funding for it.

Conclusions

VR&E’s IL track can provide a wide range of benefits to help veterans with service-connected disabilities maximize their ability to live independently when the achievement of an employment goal is not currently feasible. Under the law, each VA region has broad discretion in determining the range and types of goods and services each IL track veteran should receive. Consequently, adequate oversight at the national level is extremely important in ensuring that IL track case management requirements are met, the track is administered consistently across

⁶² “Operational” information could include the number of individual veterans being served. Furthermore, these standards state that all pertinent information should be identified, captured, and distributed in an efficient and timely manner. GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

⁶³ Department of Veterans Affairs, Vocational Rehabilitation and Employment (VR&E) Case Management Portal Project, Version 1.0, Case Management Portal, Business Requirements Document (September 26, 2012).

regions, expenditures for goods and services are appropriate, and critical IL track information is collected and used.

In this context and absent better coordination with VHA, VR&E will continue to face challenges in ensuring goods and services for IL track veterans are provided by VHA, when appropriate, in a timely manner. With regard to VR&E's Central Office oversight, its current policy governing the review and approval of expenditures might not effectively mitigate the risk of fraud, waste, abuse, or mismanagement inherent in activities, such as the development and implementation of IL plans, where there are few limitations on the types and cost of goods and services that can be provided. Furthermore, without collecting information on cost and the types of benefits regional offices provide to IL track veterans, and maintaining an information system that ensures IL track data are recorded consistently and are accurate and complete, VR&E cannot effectively oversee the performance and activities of its IL track. Finally, as more servicemembers from the conflicts in Iraq and Afghanistan transition into civilian life and veterans' programs and as the overall veteran population ages, the demand for IL services will likely increase. VR&E must, therefore, be able to accurately count the number of individual IL track veterans served to ensure it can effectively manage its cap and assess program performance and resource needs.

Recommendations for Executive Action

The Secretary of Veterans Affairs should direct the Undersecretary for Benefits to take the following actions:

1. Work with the Undersecretary for Health to explore options on ways to enhance coordination to ensure IL track veterans' needs are met by VHA, when appropriate, in a timely manner. This could include improving staff education, response times to IL referrals, and the provision of medically related goods and services.
2. Implement an oversight approach that enables VR&E to better ensure consistent administration of the IL track across regions. In developing this approach, consider ensuring that VR&E's CWINRS system:
 - Tracks the total cost and types of benefits provided to each veteran in the IL track by regional office.
 - Accounts for the number of individual veterans served to ensure that the agency has the information it needs to adequately manage the IL track.

-
- Contains stronger data entry controls to ensure that IL track information is recorded in a consistent manner and is accurate and complete.
3. Reassess and consider enhancing the agency's current policy concerning the required level of approval for IL track expenditures, given the broad discretion individual regional offices have in determining the types of goods and services IL track veterans receive.

Agency Comments and Our Evaluation

We provided a draft of this report to the Secretary of Veterans Affairs for review and comment. VA generally agreed with our conclusions, and concurred with our three recommendations. VA's written comments are reproduced in appendix VII. In addition, VA provided technical comments that we have incorporated in the report where appropriate. With regards to our recommendation that VA enhance coordination between VR&E and VHA on the provision of IL benefits to veterans, VA noted there are efforts underway that will permit VR&E counselors to make IL referrals to VHA providers through VHA's Compensation and Pension Record Interchange system, also referred to as CAPRI. In addition to these efforts, we encourage VR&E and VHA to continue to explore other options to enhance coordination, such as engaging in staff education and training efforts to improve the timely provision of IL benefits and prevent any duplication. Furthermore, with regards to our recommendation to improve IL track oversight, VA said that it will perform an assessment of its current IL track oversight procedures and consider including enhancements to CWINRS. Because having a sound information system plays such a critical role in helping program managers monitor agency performance and operations, we urge VA to take steps to prioritize enhancements to CWINRS. Finally, VA noted that, in response to our recommendation that it reassess its current policy for approving IL track expenditures, it plans to make any needed improvements by March 2014. As part of its assessment process, we believe that VA should review its existing cost-thresholds for approving all IL expenditures, including non-construction related expenditures, to ensure adequate oversight of goods and services purchased for veterans.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Veterans Affairs, and other interested parties. The report is also available at no charge on the GAO web-site at www.gao.gov.

If you or your staff members have any questions about this report, please contact me at (202) 512-7215 or at bertonid@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Staff members who made key contributions to this report are listed in appendix VIII.



Daniel Bertoni
Director, Education, Workforce,
and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

The objectives of this report were to examine (1) the characteristics of veterans who have participated in the IL track, as well as the types and costs of benefits they were provided; (2) the extent to which their independent living plans were completed, and the time it took; and (3) the extent to which the IL track has been administered appropriately and consistently.

To answer these objectives, we used a variety of methodologies, which are described in greater detail below. Specifically, we analyzed VA administrative data from fiscal years 2008 through 2011 to provide information on the characteristics and outcomes of veterans who participate in the IL track, and how long it takes to achieve these outcomes. We also used statistical models to determine any differences in rehabilitation times. In addition, to determine the types of benefits provided and their costs, we conducted a case file review of a random, generalizable sample of 182 veterans who started in the IL track during fiscal year 2008. Lastly, to examine the administration of the IL track, we visited five VA regional offices and interviewed officials and staff from VR&E, Specially Adapted Housing (SAH), Prosthetics and Sensory Aid Service (PSAS) under the Veterans Health Administration (VHA), and veteran service organizations. We also reviewed relevant federal laws and regulations, standards for internal controls and managerial cost accounting, as well as VR&E policies, procedures, and other relevant studies and documentation.

Analysis of VA Administrative Data

We analyzed VA administrative data in the Corporate WINRS system—commonly referred to as “CWINRS”—from fiscal years 2008 through 2011 to describe the characteristics and outcomes of veterans in the IL track, and how long it takes veterans to achieve these outcomes.

⁶⁴ We began our analysis in fiscal year 2008 because officials told us the data was not reliable in previous years and modifications were made to improve its reliability in fiscal year 2007. We assessed the reliability of the data by performing electronic testing, reviewing existing documentation, and interviewing knowledgeable agency officials. Based on these efforts,

⁶⁴ VR&E has used the CWINRS system since 2001 to track veteran cases through its process and to manage program costs. The “WINRS” part of the acronym represents the first 5 regional offices that tested the original system. These offices include Waco, Texas; Indianapolis, Indiana; Newark, New Jersey; Roanoke, Virginia; and Seattle, Washington.

we found the data to be sufficiently reliable for our purpose, unless otherwise noted.

To identify our universe of 9,215 veterans who started in the IL track during fiscal years 2008 through 2011, we counted the number of individual veterans who had an “IL status” recorded in CWINRS during our time frame.⁶⁵ While veterans can enter into the IL track more than once in a given fiscal year, we counted a veteran only once if he or she had more than one IL status during these years. To determine the characteristics of the 9,215 veterans who began in the IL track during fiscal years 2008 through 2011, we examined several demographic variables in CWINRS, including veterans’ age, gender, types of disabilities, and combined disability rating. Data on the war era in which veterans served was obtained from VA’s Benefits Delivery Network.

To examine the outcomes of veterans in the IL track, we limited our analysis to veterans who began only one IL plan at some point during fiscal year 2008. This accounted for about 92 percent of the 2,465 veterans who began an IL plan during fiscal year 2008. The remaining 8 percent of veterans who had more than one plan were excluded from our analysis because of potential data reliability issues associated with how certain case actions were recorded. In our analysis of IL veteran rehabilitation rates, we excluded veterans whose cases were transferred to one of VR&E’s employment tracks.

To estimate the difference in rehabilitation times across regional offices and groups of veterans with various characteristics, we used different statistical models. These “survival modeling” methods allowed us to appropriately estimate rehabilitation probabilities at various points in an IL plan, even when a significant proportion of the cases are discontinued or in progress. Our models used the same VA administrative data noted above for veterans in the IL track who began only one IL plan at some point during fiscal years 2008 through 2011. Consequently, our model results only apply to a subset of veterans, which make up about 95

⁶⁵ VR&E uses a “case status” approach to track veterans’ movement through its process in the CWINRS system. Those veterans who are found eligible for IL benefits enter what VR&E refers to as the “IL Status” in the CWINRS system. Veterans officially enter this status once an IL plan has been agreed upon and approved by the veteran, counselor, and VR&E Officer.

percent of the veterans who began in the IL track during this time frame. For a detailed discussion of our statistical models, see appendix II.

Analysis of IL Veteran Cases

To obtain information on the types of benefits provided through the IL track, as well as the costs and coordination of these benefits, we conducted a case file review of a random, generalizable sample of 182 veterans whose cases started in the IL track at some point during fiscal year 2008. To track and manage IL cases, VR&E utilizes both paper records located at each regional office, and electronic case records in the CWINRS system. For the purpose of our file review, we used veterans' electronic records in CWINRS, and found the information in these records to be sufficient for our purpose.⁶⁶ We selected fiscal year 2008 because it allowed us to follow veterans' progress in the IL track beyond 24 months—the authorized benefit duration time frame unless a 6-month extension is approved.

We stratified our sample of 182 cases into three groups—those veterans' whose cases were (1) rehabilitated, (2) discontinued, or (3) still open.⁶⁷ We used this approach to obtain information on any differences in IL benefits and expenditures by veteran groups. We also elected to use a sample design that mixes the features of a proportional allocation and equal sample per stratum. Table 3 provides more detailed information on our sample stratification.

⁶⁶ We conducted pretests at the Washington, D.C. regional office and at VR&E headquarters to compare the information found in veterans' paper and electronic records. We found the electronic case records to be sufficient for our purpose. Certain cost information is required to be entered into CWINRS. Nonetheless, we did request a physical copy of the closure report for each veteran in our sample. These reports summarize veterans' participation in the IL track.

⁶⁷ Veterans in the IL track are considered by VR&E to be "rehabilitated" when either all goals of the IL plan have been achieved, or if not achieved, when (1) the veteran has attained substantial increase in the level of independence, (2) the veteran has maintained the increased level of independent for at least 60 days, and (3) further assistance is unlikely to significantly increase the veteran's level of independence. For veterans who are unable to successfully complete the IL track, their cases are entered into a "discontinued status" where they are closed. Veterans' cases that are still ongoing are classified as open.

Table 3: Size of Sample of Independent Living Track Cases, by Strata and Proportion of Population

Sample strata	Number of Cases
Rehabilitated cases	88
Discontinued cases	47
Open cases	47
Total	182

Source: GAO analysis of VA data.

To produce population estimates from our sample of cases, information collected from each case reviewed was weighted in the analysis to account statistically for the total population of all IL track cases started in fiscal year 2008. Because our estimates for the entire population of IL track cases that started in fiscal year 2008 are based on a probability sample of these cases, they are subject to sampling error. To recognize the possibility that other samples drawn from this population might yield different results, we express our confidence in the precision of our sample's results as a 95 percent confidence interval. A 95 percent confidence interval is expected to include the actual value for the population in 95 out of 100 samples drawn from the population. With regard to expenditures in IL track cases, at the 95 percent confidence interval, the amount of total expenditures across all IL track cases that started in fiscal year 2008 falls between \$11.3 million and \$16.6 million; the actual amount expended, on average, in these cases falls between \$4,835 and \$7,104.

To conduct our case file review, we developed a web-based data collection instrument to record information from the electronic printouts VR&E provided us with of veterans' records. After these records were collected, GAO staff members entered the information into the electronic data collection instrument for each veteran case in our sample. Once the data was entered, a second GAO staff member reviewed each entry for clarity and accuracy. With regard to the types of benefits provided to IL track veterans, we cannot generalize the types of goods and services provided because we recorded in our data collection instrument information on only eight goods and services identified in each of the 182 IL case files we reviewed. However, we were able to generalize information we obtained on IL track service providers from the IL cases we reviewed because in less than 3 percent of these cases, there were at least eight service providers. Our estimate of the number of cases where service provider information was missing, unclear, or overwritten in

CWINRS may be slightly understated. The 95 percent confidence interval for the 15 percent of cases where the service provider information was unclear or missing for one or more service ranged from 9 to 21 percent. The 95 percent confidence interval for the 7 percent of cases we reviewed where one or more service was overwritten in CWINRS ranged from 4 to 11 percent.

Regional Site Visits and Agency Interviews

To better understand the extent to which the IL track is being effectively administered, we visited five VA regional offices—San Diego, California; Atlanta, Georgia; Detroit, Michigan; Philadelphia, Pennsylvania; and the District of Columbia.⁶⁸ We selected these sites because they were geographically diverse, and have varying levels of IL track participation and success in achieving VR&E's IL rehabilitation goal. During each of our site visits, we interviewed VR&E Officers and vocational rehabilitation counselors (VRCs) using a standard set of questions to identify how IL cases were managed and any factors that may have affected the administration of the IL track. In particular, during our Detroit and Atlanta site visits, we interviewed VRCs who specialized in working on IL cases. Moreover, we obtained the perspectives of veteran service organizations that work with IL track veterans at two regional offices we visited—Detroit and Atlanta. Furthermore, we interviewed SAH and PSAS officials at the national level and relied on our case file review to determine the extent to which the IL track cases were referred to VA and non-VA service providers. In addition, we interviewed SAH and PSAS staff during our site visits to determine the extent to which VR&E, SAH, and PSAS coordinate in the provision of goods and services to IL track veterans.

⁶⁸ VA officials told us that Washington Regional Office, located in the District of Columbia, was recently designated the National Capital Region Benefits Office in November 2012. For the purpose of our review, we will refer to this office as one of VA's regional offices. Furthermore, our review of IL track administration did not include reviewing the quality of internal or external assessments the VR&E program uses to determine the suitability of veterans for employment or the extent to which veterans' activities of daily living may be limited.

Appendix II: Statistical Analysis of Independent Living Plan Rehabilitation Times

We used statistical models to estimate the difference in rehabilitation times across regional offices and groups of veterans with various characteristics. These “survival modeling” methods can appropriately estimate rehabilitation probabilities at various points in an IL plan, even when a significant proportion of the cases are discontinued or in progress. In addition, survival methods allowed us to estimate the unique association between rehabilitation times and various other factors, described below. In this appendix, we describe the data we used to fit the models and their structure, assumptions, and estimates.

We estimated our models using VA administrative data on veterans who began exactly one IL plan from fiscal years 2008 through 2011. Due to the data reliability issues described in appendix I, our analysis excluded veterans who began multiple IL plans during this period. Consequently, our results only apply to this subset of 8,737 veterans, who made up 94.8 percent of the original population.

⁶⁹ We measured the length of time each veteran spent in his or her IL plan as the duration between the start of the plan and one of three later times: entering rehabilitation status, discontinuing the plan, or being in progress on September 30, 2011, the end of our observation period. We modeled rehabilitation as the outcome of interest, treating discontinued or in progress plans as having rehabilitation times that were censored. Among the veterans starting IL plans from fiscal years 2008 through 2011, 3.2 percent discontinued their IL plans prior to rehabilitation, and 35.9 percent had plans that were in progress on September 30, 2011. These data imply that 91.7 percent of the censored observations were in-progress cases, which suggests that most of the censoring is likely to be uninformative. We found no large differences in the probability of dropping out of an IL plan across the covariates we included in our models.

⁶⁹ This group also excluded veterans who transferred to a VR&E employment track and veterans who had more than one instance of rehabilitation. Missing data on age and length of service further reduced our sample size to 8,655 veterans for modeling purposes.

Model Structure and Assumptions

We fit the data to several types of Cox proportional hazards models. The primary model took the following form:

$$\lambda_{ij}(t) = \lambda_{0j}(t) \exp(x_{ij}\beta)$$

$\lambda_{ij}(t)$ denotes the hazard rate of rehabilitation at time t after veteran i enters an IL plan, and $\lambda_{0j}(t)$ denotes the baseline hazard rate for the reference veteran with covariates equal to zero, served by one of $j = 1, 2, \dots, 36$ regional offices. We combined a number of offices that served less than 50 veterans into a residual group, in order to ensure sufficient sample within each office. The sample sizes within offices ranged from 58 to 908. x_{ij} is a vector of the following covariates: age, length of military service, and indicators for sex, branch of service, era of service, education, year the IL plan began, partial vs. full disability,⁷⁰ and disability type.⁷¹ We coded the covariates such that the baseline reference veteran was substantively meaningful—a male Army veteran with a high school education, who served in the Vietnam era, entered an IL plan in fiscal year 2008, was processed by the Detroit Regional Office, and had a full musculoskeletal disability—either by setting values of categorical variables to the appropriate levels or by centering continuous variables at their means. All categorical variables included levels for missing data.

In this application, the proportional hazard structure of the model implies that the instantaneous rate of rehabilitation at any time during an IL plan, or the hazard, varies across values of the covariates by a constant amount over time. For example, the model assumes that rehabilitation rates vary by the same amounts among veterans with different types of disabilities after 12 months, 18 months, or any other point in an IL plan. In our initial exploratory data analysis, Kaplan-Meier estimates of the hazard and survival functions suggested that the hazard was not proportional across regional offices. Using an unstratified version of the model above that included fixed effects for regional offices, we found that the Schoenfeld residuals for many offices were correlated with time at a sufficiently high level to reject the hypothesis that the hazard functions

⁷⁰ We defined partially disabled veterans as those having combined VA disability ratings of less than 100 percent. Fully disabled veterans had ratings of 100 percent.

⁷¹ We linked each numeric disability code in our sample to one of 16 categories of disabilities defined by VA regulations.

were proportional across the covariates ($p < .0001$).⁷² These results are consistent with our interviews and document reviews suggesting that program administration varied across offices, which could produce variation in hazard functions. (The body of this report summarizes these administrative inconsistencies in more detail.) For these reasons, we stratified the baseline hazard function by regional office, and we used this version of the model to calculate hazard rate ratios and elasticities, along with their standard errors, in table 3. Under the stratified model, we failed to reject the proportional hazards assumption for $\alpha < .47$.

The estimated rehabilitation (failure) probabilities discussed in the body of this report came from a version of the model that did not stratify by office and, instead, assumed office fixed effects. This allowed us to calculate illustrative rehabilitation probabilities by various follow-up points and for specific covariate values, without having to produce 36 sets of estimates implied by separate hazard functions for each office. The differences in the estimated probabilities across covariate values should resemble estimates that we would have calculated from the stratified model, because estimates of β and their variances were similar in both versions. The hazard rate ratios and elasticities in table 3 are consistent with our estimated rehabilitation probabilities in the body of the report. To calculate these probabilities, we fixed the value of each covariate at its sample mode or mean, depending on whether the variable was categorical or continuous. For this profile of covariate values, we calculated survival probabilities at various times using the estimated parameters of the unstratified model, and transformed them to failure probabilities by subtracting the survival estimates from 1.

We estimated a final version of the model that used neither office strata nor fixed effects. This allowed us to estimate the association between office workload, measured by the total number of IL plans developed from fiscal year 2008 through 2011, and rehabilitation timeliness. Stratifying the model by office or estimating fixed effects would have absorbed the variation needed to estimate the coefficient on workload, as an office-level covariate.

⁷² Schoenfeld residuals measure the difference between each observed covariate value for a failure at time t minus the expected value of the covariate. The expected value is taken over the probability distribution of failure probabilities at t for units in the risk set.

Results

Table 3 provides estimates of β and hazard ratios derived from them, along with standard errors and p values for the hypothesis that each ratio equals 1. These estimates come from the stratified model above. Figure 17 presents the failure functions implied by the separate hazard functions the model assumes for each regional office. These results are generally consistent with those discussed in the body of this report, where we interpret the results in more detail.

Table 4: Estimates from Cox Hazard Model of Time Spent in Independent Living Plans, among Veterans Starting a Plan in FY 2008-2011

Variable	Hazard ratio	Standard error	Pr(Hazard ratio = 1)	95% Lower bound	95% Upper bound
Age (years)	1.0062	0.0022	0.005	1.0019	1.0106
Length of service (years)	1.0066	0.0026	0.012	1.0014	1.0117
Era of service					
Vietnam (Reference Group)					
Gulf War	1.0375	0.0572	0.505	0.9312	1.1559
Global War on Terror	1.0955	0.0735	0.174	0.9605	1.2495
Korea	1.0179	0.0869	0.835	0.8611	1.2033
Peacetime	0.9689	0.0453	0.499	0.8841	1.0618
World War II	0.8559	0.0956	0.164	0.6876	1.0654
Education					
High school (Reference Group)					
Less than high school	0.9295	0.0773	0.379	0.7897	1.0940
Some college	0.9772	0.0339	0.507	0.9129	1.0461
College	0.9137	0.0486	0.090	0.8232	1.0142
Graduate	1.1443	0.1224	0.207	0.9280	1.4111
Missing data	1.1732	0.0501	0.000	1.0790	1.2757
Sex					
Male (reference group)					
Female	0.9967	0.0527	0.950	0.8985	1.1056
Missing data	0.9292	0.1184	0.565	0.7238	1.1929
Branch of service					
Army (reference group)					

**Appendix II: Statistical Analysis of
Independent Living Plan Rehabilitation Times**

Variable	Hazard ratio	Standard error	Pr(Hazard ratio = 1)	95% Lower bound	95% Upper bound
Air Force	0.9147	0.0410	0.047	0.8377	0.9987
Coast Guard / other	1.0007	0.1173	0.995	0.7953	1.2591
Marines	1.0362	0.0463	0.425	0.9494	1.1311
Navy	0.9655	0.0400	0.397	0.8902	1.0472
Year entered IL plan					
2008 (reference group)					
2009	0.8910	0.0312	0.001	0.8319	0.9543
2010	0.7850	0.0306	0.000	0.7272	0.8473
2011	0.7782	0.0485	0.000	0.6887	0.8793
Severity of disability					
Combined rating of 100 (reference group)					
Combined rating less than 100	1.0948	0.0342	0.004	1.0299	1.1638
PT/missing data	0.7947	0.0806	0.023	0.6515	0.9694
Type of disability					
Dental and oral conditions	1.0424	0.0999	0.665	0.8638	1.2578
Gynecological conditions and Disorders of the breast	0.9499	0.0883	0.580	0.7916	1.1397
Infectious diseases, immune Disorders and nutritional Deficiencies	0.9610	0.0792	0.629	0.8177	1.1294
Muscle injuries	1.0206	0.0666	0.755	0.8981	1.1598
Neurological conditions and Convulsive disorders	0.9767	0.0375	0.540	0.9059	1.0531
Other sense organs	0.8735	0.2290	0.606	0.5225	1.4602
The cardiovascular system	0.9355	0.0343	0.069	0.8705	1.0053
The digestive system	0.9368	0.0352	0.083	0.8702	1.0085
The ear	1.0109	0.0334	0.742	0.9475	1.0786
The endocrine system	1.1015	0.0447	0.017	1.0173	1.1926
The eye	0.9667	0.0495	0.509	0.8745	1.0688
The genitourinary system	0.9612	0.0362	0.294	0.8928	1.0349
The hemic and lymphatic systems	1.1455	0.1385	0.261	0.9038	1.4518
The musculoskeletal system	0.9498	0.0310	0.115	0.8909	1.0126
The respiratory system	0.9973	0.0427	0.950	0.9171	1.0845
The skin	0.9840	0.0314	0.612	0.9243	1.0474
VA regional office strata included					

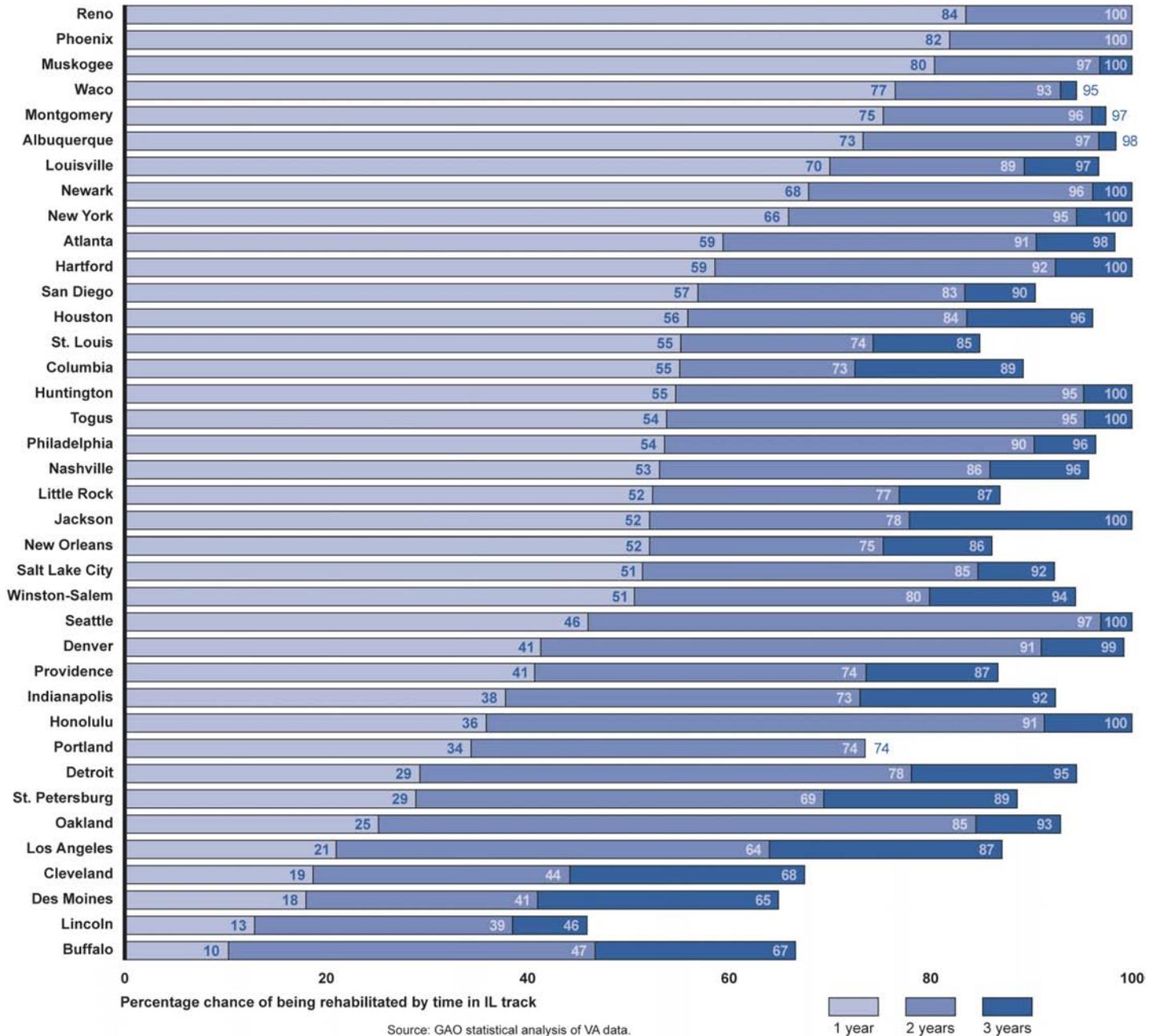
Source: GAO statistical analysis of VA administrative data.

**Appendix II: Statistical Analysis of
Independent Living Plan Rehabilitation Times**

Note: N = 8,655, with 5,252 failures. Estimates of “hazard ratios” are exponentiated coefficients from a Cox hazard model, with reference groups as indicated. For the continuous covariates, age and length of service, the entries imply elasticities. For the disability type covariates, the entries represent the proportional change in the hazard of completing an IL plan for a veteran who has the listed disability, compared to a veteran who does not have the disability. (The disability types are not mutually exclusive and exhaustive groups, because veterans can have more than one type of disability.)

Appendix II: Statistical Analysis of Independent Living Plan Rehabilitation Times

Figure 17: Multivariate Failure Function Estimates from a Cox Hazard Model of Time Spent in Independent Living Plans, FY 2008-2011



Appendix III: List of Goods and Services Provided to Sample of Independent Living Track Veterans from our Case File Review

The table below lists the goods and services as they were recorded in the 182 cases we reviewed in the CWINRS system.

Goods and Services Provided	Frequency
Counseling Services	
"(1) Specialized Contractual Counseling Services 637"	5
"(1) Specialized Contractual Counseling"	1
"(1) Specialized Contractual Counseling Services 637, Vocational, Educational, Psychological or Personal adjustment counseling which I"	3
"(1) Specialized Independent Living Services 638"	1
"(1) Specialized Rehabilitation Service 631"	9
"(1) Specialized Rehabilitation Services"	6
"(1) Specialized Rehabilitation Services 631, Specialized services involving unique skills and techniques, such as learning di"	3
"(1) Specialized contractual counseling services 637; IILP Initial Assessment"	1
"(1)Special contractual Counseling"	1
"(316) Contract Counseling Assistance 451"	1
"(339) Special Services 532"	1
"(343) Rehab SErvices 556"	13
"(343) Rehab Services"	1
"(343) Rehab Services 556, All services not otherwise described to advance the objectives of the rehabilita"	9
"(343) Rehab Services 556; Connections Vocational Services; IILP Evals; All service not otherwise described to advance the objectives of the rehabilita"	2
"(372) Independent Living Services 644, Provide Independent Living services (i.e. IL Evaluation, Occupational Therapy Ev"	1
"(372) Psychotherapy 667; provide psychotherapy and adjustment counseling"	4
"Adjustment Counseling 113"	1
"Rehab Services"	5
"Rehabilitation Counseling Services 158, Specialized counseling services as required to assist and support veteran in ful"	1
"SRS/IL Special Rehab Service/Independen Li"	29
"SRS/V Special Rehab Service/Vocaational; Center for Independent Living; IL Case Mgmt"	1
"SRS/V Special Rehab Service/Vocational"	31
"Special Rehab Service/Independent Living"	7
"Special Rehab. Srvs/Indepen. Living 24"	1
"Special Services."	1
"Special rehab service/Independent Living"	1
"Specialized Counseling Services 176"	1

**Appendix III: List of Goods and Services
 Provided to Sample of Independent Living
 Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
Medical Care and Health Related Services	
"Cora Coleman Senior Center; 9 month swim membership"	1
"Dr. Sandoval; Eye exam"	1
"Exercise gym membership"	1
"Express Healthcare"	1
"Gym Membership- 6 Months"	1
"Medical ID bracelet purchase and delivery"	1
"Medical care; SRS/M Special Rehab Services/Medical"	1
"Medical, Dental, Vision / Related Services 169, Comprehensive evaluation of medical, dental, or vision difficulties and provisio"	3
"Milwaukee VA Medical Center"	2
"Personal Trainig Session-Master Level"	1
"Personal Training - 24 Sessions"	1
"Providence; yoga membership fees - initial"	1
"Senior gym membership, and seniro swim membership"	1
"SRS/M Special Rehab Service/Medical"	40
"The Providence Institute; yoga class"	1
"VA MEDICAL CENTER - ANN ARBOR"	1
"VA Medical Center - Detroit"	2
"VA Outpatient Clinic - Mare Island"	1
"VAMC—Westside"	1
"YMCA East Belleville Center; YMCA Membership; YMCA annual fee"	1
"YMCA Memebership"	1
"yoga classes"	1
Residential Adaption and Repair	
"(317) Independent Living Residence Adaptation 645"	2
"(317) Independent Living Residence Adaptation 645, Residential adaptations to allow a veteran to complete ILP."	1
"A&E services for home modification per ILP"	1
"Basic construction as approved on IL plan"	1
"Ch 31 One Time Miscellaneous Items Purchase—Reconstruction of front porch per IL plan"	1
"Gould's Discount Medical — Home Improvements"	1
"Herrera Engineering; house modifications; special contractual services"	1
"Home Mod Eval"	1
"Home Reab Equipment — Supply and set up bath mods (up)"	1
"Home Rehab Equipment — custom railing"	1
"Home modification: Railing for steps"	1

**Appendix III: List of Goods and Services
Provided to Sample of Independent Living
Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"Home safety evaluation"	1
"Kohler & Lentz Construction; Home modifications for IL case"	1
"Labor for installing shower grab bar and locksets"	1
"Lumber for ramp construction"	1
"Mobile Home Stuff Store, Inc; Plumbing repairs: complete water supply replumbing"	1
"Plans for modification"	1
"Provide & install toilet area grab bars w/fasteners"	1
"Provide and insall shower grab bar w/fasteners"	1
"Stair railing"	1
"Veterans Assistance Network; wood handrails; 18 in grab bars; installation grab bar"	1
"buyrailings.com; stair railing w/brackets"	1
"ramp installation"	1
"set up and instruct on stair glides"	1
set up and supply bath mods	1
"threshold Ramp"	1
"scaffolding"	1
"smoke detectors/fire extinguisher/co2 detector"	1
Education and Training	
"Computer Instruction 13"	1
"Driving Lessons"	1
IHL Institute of Higher Learning	1
"IHL Institutions of Higher Learning"	38
"IHL Institutions of Higher Learning – for period 2/5/08-7/23/08"	1
"IHL Institutions of Higher Learning; 24 training session"	1
"IHL Institutions of Higher Learning (College books)"	1
"IHL Institutions of Higher Learning; Central Community College-Hastings Degree"	1
"Individual/Independent Instruction / Trg 164"	1
Jewish Vocational Services; non college degree	4
"Kendall & Davis, Inc.; computer training"	1
"Mastering MS Office Made Easy (CD-ROM version)"	1
"NCD Non-College Degree"	10
"OJT On the Job Training/Apprenticeship"	5
"PC Training 02/08-04/08"	1
"Solano County Community College"	1
"Training"	2
"Tutorial services 182"	1

**Appendix III: List of Goods and Services
Provided to Sample of Independent Living
Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"University of Alaska, Fall Term"	2
"Computer Instruction 13"	1
"Computer Training 11/8/07-2/1/08"	1
computer training	8
"1-year audio book subscription (2 CDs/month)"	1
"2 computer innstruction books"	1
Assistive Devices and Technology	
"Adapter"	1
"Adapter/converter"	1
"All Temperature system; IL- Heating System"	1
"Amplified phone with 911 pendent"	1
"Audio Equipment and Software"	1
"CPI*Contour living web; wedge cushions/with massage; shipping charge"	1
"Cap Tel phone for hearing impaired"	1
"Ch 31 non-Contractual Speical . . . \r\n"	1
Computer Evaluation Services 21, Technical evaluation for computer hardware and software needs.	2
"Computer installation"	1
"Computer repair"	1
"Exercycle"	1
"Forced Heater"	1
"GPS System"	1
"Installation of Camera Security System"	1
"KID 1240 talking dictionary with headphones"	1
"Kendall & Davis; notebook computer"	1
"King size adjustable bed with massage"	1
"Lift chair with heat and massage"	1
"Metal Detection Club Mem. 1 yr,"	1
"Pride GL 358M lift chair w/set up and delivery"	1
"Quick 2008 software"	1
"Security system per IILP"	1
"Sleep number bed w/ frame"	1
"Solutions4Sure - HP IPAQ"	1
"Spinlife - hoyer hyrdraulic patient lifter"	1
"Sports authority; Treadmill, delivery & assembly, 4 yr warranty"	1
"Surge protector"	1
"True Freedom Mobility; Lift chair"	1

**Appendix III: List of Goods and Services
Provided to Sample of Independent Living
Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"US Computers Inc; Shipping/handling fees for computer and furnitures"	1
"Washer"	1
"Wireless router"	1
"day Timer Smartech"	1
"massagin seat cushion"	1
"set and instruct on 4 wheel scooter"	1
"set and instruct on scooter lift with swing arm."	1
"set and instruction for lift chair."	1
"speakers"	1
"washer/dryer"	1
"Electric Jar Opener"	1
Adaptive Equipment	
"All in one accessibility - adaptive equipment"	1
"24-Inch Grab Bar for Commode"	1
"ALI*AMIMED INC.; Backrest air obusforme grey; shipping charge"	1
"Alex Orthopedic; Walking Cane; Shipping charge"	1
"Appointment book"	1
"Automobile seat cushion"	1
"Big-Handle Cup"	1
"Bowl, blue"	1
"COLDERS, INC.; Bed & Chair - Independent Living"	1
"Chair"	2
"Colder's; TempurPedic King Size Solution Mattress and Box Sp; HTC-1650 Massage Chair"	1
"Computer chair"	1
"Deluxe swivel seat cushion, UpEasy lifting cushion seat assist (plus shipping)"	1
"Dry Erase Board & Calendar"	1
"E-Pill 7-day organizer/reminder sys"	1
"Elastic Shoelaces"	1
"Ergonomic Office & Shop Stool"	1
"Eyemasters; eye glasses"	1
"Frame, Lenses"	1
"Gallon Tipper"	1
"Glide rail & shower wand,PT-WR28R,LABOR"	1
"Grab bar specialists, Inc.; handi-grip portable grab bar and shipping"	1
"Handicap aid equipment"	1
"IL Adaptive Equipment \nCh 31 Special Equipment"	1

**Appendix III: List of Goods and Services
 Provided to Sample of Independent Living
 Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"IL Adaptive equipment, Shipping and Handling\r\nCh 31 Special Equipment"	1
"Kitchen Cart w/3 Shelves and Casters"	1
"Lamp for independent living and surge protector"	1
"MAXIAUDS; CO2 Alarm; shiping charge"	1
"Medication dispenser, phone, printer, mouse"	1
"Mother Earth Design INC.; Trigger point pillow; shipping charge"	1
"Office furniture"	1
"Overtime supplies; ergonomic chair, dry erase board"	1
"Organizing service"	1
"Perching Stool, Height Adjustable, 250lb Capacity"	1
"Pill Container AM PM"	1
"Pill box with alarm, grab bars"	1
"Portable Lift Cushion, 250 lb Capacity"	1
"ProMED; Tempurpedic bed"	1
"ProMed; Long-handled bath brush"	1
"Queen Matt, Box, Tempura Symphony pillow"	1
"Queen mattress"	1
"Rehab Engineering Inc.; Large Handle cups; walker, 3-inch wheels, 300lbs. capacity; 24-inch grab bar, inside tub"	1
"Rolling laundry cart & ergonomic grabber"	1
"SENIORSHOPS.COM; Safety bed rail"	1
"Sit/Stand Stool"	1
"Sliding Shelves (for Bathroom Cabinet)"	1
"Small Stool"	1
"Sock/Stocking Aid"	1
"Special equipment — one-handed jar opener, suction cup plates, suction cup bowls"	1
"Stocking Aid w/Loops"	1
"Stool"	1
"Trio Jar and Bottle Opener"	1
"Tub safety bar and lever door handles (QTY 6)"	1
"Universal Opener"	1
"Vocational Resource Services; good grips eating utensils; sock assist; elastic shoelaces"	1
"Vocational Resource Services; locking elevated toilet seat w/ arms; special equipment"	1
"Walker Furniture; mattress, frame and bed cover"	1
"adaptive aids"	1
"computer desk"	1
"desk and chair"	1

**Appendix III: List of Goods and Services
 Provided to Sample of Independent Living
 Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"desk chair"	1
"grab bar"	1
"laundry cart"	1
"non Skid Mat"	1
"rolling stool with s/h"	1
"set up and instruct for K adj bed."	1
sock aid	1
"www.themedicalclub.com; HC-SP-S 1119 Super pole and shipping"	1
Computer and Camera Equipment	
"Adaptive computer system"	1
"Adobe Photoshop"	1
"Camera, case, warranty, & Adobe Elements"	1
"Camera, fash card, carea kit"	1
"Camera, memory card"	1
"Camera/Peripherals"	1
"Carrying case (for laptop) & surge protector"	1
"Computer"	1
"Computer & peripherals"	1
"Computer ILLP"	2
"Computer Masters; Computer System (IL)"	1
"Computer Set up-Intenet"	1
"Computer System, desk & chair"	1
"Computer and printer and accessories"	1
"Computer hardware/software and computer desk/chair"	1
"Computer speakers"	1
"Computer system with 19 inch monitor, printer software"	1
"Computer, Printer, Monitor, and Web Cam"	1
"Computer, flash, microsoft office pro 07"	1
"Computer/Printer/Accessories/Recliner/Computer cha"	1
"Computer/Printer/Peripherals"	3
"Dell - desktop, surge protector, and printer"	1
"Dell Desk top computer"	1
"Dell Laptop computer package"	1
"Dell all in one printer"	1
"Dell computer, Printer, surge protector"	1
"Dell; monitor and desktop"	1

**Appendix III: List of Goods and Services
 Provided to Sample of Independent Living
 Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"Desktop computer system"	1
"Digital Camera"	1
"Epson Photo inkjet printer"	1
"Flash Drive"	2
"IILP - Computer equipment"	1
"IILP - Digital Photography Equipment"	1
"Internet Service"	1
"Internet fees and wireless card"	1
"Journey Ed; PhotShop CS4"	1
"Laptop and Accessories"	1
"Laptop computer"	1
"Laptop computer system, 3-year warranty"	1
"Laptop, case,surge prot, flash drive"	1
"MS Office Home and Student 2007"	1
"Microsoft Office Professional Upgrade Software"	1
"Milwaukee PC - 75; Laptop computer system"	1
"Nikon Coolpix Digital Camera"	1
"Nikon Speedlight Flash for digital camera"	1
"Norton AntiVirus 2008"	1
"Office Depot; PC"	1
"PC"	1
"Printer"	1
"Staples; computer and accessories"	1
"Staples; computer assories"	1
"Toshiba laptop computer system"	1
"US Computers Inc; desktop computer system; monitor 19 in LCD; HP printer all-in-one"	1
"Video Camcorder kit"	1
"XPS One, Red—Dell Desk Top computer"	1
"adapted computer"	1
"all in one printer"	1
"cable for computer purchased"	1
"computer"	4
"computer printer/cables"	1
"computer w/19 inch monitor, 4n1 printer + internet"	1
"computer, printer"	1
"computer, printer, associated supplies"	1

**Appendix III: List of Goods and Services
Provided to Sample of Independent Living
Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"desktop computer system"	1
"digital camera, case, warranty"	1
"laptop computer and printer"	1
"laptop printer"	1
"monitor, camera, headset"	1
"printer, cable, delivery"	1
"quicken and mavis"	1
"software-printer"	1
"usb cable and ink"	1
Avocational/Leisure Equipment	
"Elite Duo 1500 Workbench and excess weight charge"	1
"Windward boats; glasspro boat, motor, trailer"	1
"10" table saw, delivery"	1
"12 inch dualbevel slide mitersaw 77-141-614 Bosc"	1
"2hp soft start fixed and plunge base router"	1
"6 Tool Cordless Combo Kit"	1
"Craftsman 10 inch table saw"	1
"Craftsman fixed base router/table combo"	1
"Embroidery Machine & Accessories, Classes"	1
"Jarvi Facetron; Facitron Machine with grit; shipping"	1
"Music Production Equipment"	2
"Rikon 18 inch bandsaw, excess weight charge"	1
"Rikon 6 inch jointer"	1
"Searrs; rts bit saw nailer plnr sander warrenties"	1
"Sears; router and table and warrenty"	1
"Shopsmith Mark V"	1
"Tracrac T3B portable miter saw sta Bosch"	1
"drill press, protection agreement, shipping"	1
"The Rock Shed; Thumlers tumbler; 5lbs 60/90 grit; 5lbs 120/220 grit"	1
"(IL books) Audio Books"	1
"8 Spools of Thread"	1
"Accessory Kit, Bench Clamp and shipping for workbench"	1
"Bagpipe Accessories"	1
"Bagpipe Uniform & Accessories"	1
"Blick Art - acrylic paint and supplies"	1
"Bosch Tool Kit"	1

**Appendix III: List of Goods and Services
Provided to Sample of Independent Living
Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"Cookbooks"	1
"Fishing equipment"	1
"Metal detector items"	1
"Models"	1
"Silversmithing and Engraving Tools/Equipment"	1
"Trailer hitch"	1
"Vibration reduction lens"	1
"Walmart; camping equipment"	1
"car rack"	1
Other Goods and Services	
"Ch 31 Books"	1
"Supplies"	1
"(1) Specialized Equipment Acquisition 589"	1
"3 year extended laptop warranty"	1
"3-month membership, Dickinson Parks & Recreation"	1
"3-month membership, West River Community Center"	1
Abilities Group	2
"Assistive Technological Services 599"	2
"Center for Independent Living"	2
"Club T.E.A.M "	1
"Delivery"	1
"Downing Properties LLC "	1
"Equipment and Installtion Fee"	1
"Equipment for IL"	1
"IL Equipment"	1
"IL Supplies, Shipping and Handling\r\nCh 31 Special Equipment"	1
"IL equipment & ship"	1
"Installation ILLP"	1
"Maids PO#Julia 300; Tub rails; shipping charge"	1
"Membership"	1
"Merry Maids; maid services; fee, intial; Refrigerator cleaning"	1
"PROMED; IL Purchases"	1
"ProMED; IL Equipment"	1
"Service Charge"	1
"Set-up and Shipping (for exercycle)"	1
"Shipping and Handling"	1

**Appendix III: List of Goods and Services
 Provided to Sample of Independent Living
 Track Veterans from our Case File Review**

Goods and Services Provided	Frequency
"Shipping/delivery charges for CD-ROM"	1
"Independence Inc."	1
"VR&E/28 "	1
"Voc Rehab Panel, PO 348-08-039 dtd 7/23/08"	1
"Ship Boat to Molokai"	1
"warranty"	1
"Cub Cadet Bagger"	1
"Ariens Snowblower"	1
"Cub Cadet Riding Lawn Mower"	1
"McGavic Outdoot power equipment; lawn tractor and delivery"	1
"lawn tractor"	1
"one snowblower"	1

Source: GAO analysis of 182 case files of veterans entering the IL track during fiscal year 2008.

Appendix IV: Rehabilitation Rates by Regional Office, FY 2008 Independent Living Track Entrants

	Entrants with One IL Plan	Transfers to a VR&E Employment Track	Rehabilitated	Discontinued	Open	Rehabilitation Rate
National	2274	34	1987	122	131	89%
Muskogee	35	0	35	0	0	100%
Reno	13	1	12	0	0	100%
Togus	9	0	9	0	0	100%
Huntington	5	1	4	0	0	100%
Boise	4	0	4	0	0	100%
Wichita	3	1	2	0	0	100%
Roanoke	2	0	2	0	0	100%
Pittsburgh	2	0	2	0	0	100%
San Juan	2	0	2	0	0	100%
Manchester	2	0	2	0	0	100%
Montgomery	202	2	198	1	1	99%
Hartford	77	2	74	1	0	99%
Louisville	64	1	62	0	1	98%
Newark	59	0	58	0	1	98%
Atlanta	119	0	114	3	2	96%
Phoenix	141	0	135	6	0	96%
San Diego	41	1	38	1	1	95%
Nashville	18	0	17	0	1	94%
Denver ^a	66	0	62	3	1	94%
New York	161	1	149	10	1	93%
Waco	69	0	64	2	3	93%
Philadelphia	26	0	24	1	1	92%
Honolulu	37	0	34	3	0	92%
Milwaukee	20	0	18	1	1	90%
Seattle	29	1	25	3	0	89%
Salt Lake City	27	0	24	1	2	89%
Columbia	26	0	23	0	3	88%
Detroit	131	3	113	7	8	88%
Houston	73	1	63	8	1	88%
Oakland	163	5	138	12	8	87%
Albuquerque	88	0	76	11	1	86%
Winston-Salem	22	0	19	2	1	86%
St. Paul	7	0	6	1	1	86%
Baltimore	7	0	6	0	0	86%

Appendix IV: Rehabilitation Rates by Regional Office, FY 2008 Independent Living Track Entrants

	Entrants with One IL Plan	Transfers to a VR&E Employment Track	Rehabilitated	Discontinued	Open	Rehabilitation Rate
Indianapolis	79	4	64	4	7	85%
St. Louis	24	1	19	2	2	83%
Buffalo	20	0	16	0	4	80%
Portland	20	1	15	2	2	79%
St. Petersburg	116	1	90	4	21	78%
Sioux Falls	9	0	7	0	2	78%
Fort Harrison	4	0	3	1	0	75%
Boston	4	0	3	1	0	75%
Los Angeles	97	5	67	9	16	73%
Providence	18	0	13	1	4	72%
Jackson	7	0	5	1	1	71%
Anchorage	7	1	4	0	2	67%
Little Rock	26	1	16	4	5	64%
Lincoln	16	0	10	4	2	63%
Fargo	8	0	5	2	1	63%
Des Moines	21	0	13	2	6	62%
New Orleans	7	0	4	1	2	57%
Chicago	4	0	2	2	0	50%
Cleveland	35	0	17	4	14	49%
Washington ^b	2	0	0	1	1	0%
White River Junction	0	0	0	0	0	n.a.
Wilmington	0	0	0	0	0	n.a.

Source: GAO analysis of VA data.

^a The Denver Regional Office includes totals for the Cheyenne, Wyoming office. This office is considered a satellite office of Denver.

^b The Washington Regional Office, located in the District of Columbia, was renamed the National Capital Region Benefits Office in November 2012.

Note: This table represents those veterans with only one IL plan who entered the IL track in fiscal year 2008 and who were rehabilitated by the end of fiscal year 2011. We calculated the IL rehabilitation rate using open IL cases, as well as those cases that were closed by VR&E as "rehabilitated" or "discontinued." We did not include IL track veterans who were transferred to another VR&E employment track. VR&E calculates the IL rehabilitation rate using only closed cases.

Appendix V: Days to Complete Independent Living Plans, Veterans Entering the Independent Living Track During FY 2008

Regional Office	Number of veterans completing their IL plan	Minimum	Mean	Median	Maximum
Roanoke	2	888	895	895	906
Buffalo	16	263	676	771	1,151
Des Moines	13	142	621	657	1,147
Chicago	2	413	621	621	829
Denver ^a	62	0	581	628	931
Sioux Falls	7	183	581	449	1,026
New Orleans	4	168	581	614	924
Los Angeles	67	110	577	566	1,289
St. Petersburg	90	102	552	522	1,121
Seattle	25	150	548	533	1,180
Jackson	5	278	533	405	913
Portland	15	194	526	511	1,209
Cleveland	17	0	515	343	1,154
San Juan	2	343	500	500	657
Togus	9	223	486	310	1,114
Columbia	23	110	482	321	1,172
Honolulu	34	18	457	508	1,052
Oakland	138	55	453	457	917
Detroit	113	0	446	416	975
Indianapolis	64	4	446	416	1,304
Lincoln	10	0	446	555	793
Anchorage	4	131	442	497	646
Milwaukee	18	66	431	398	909
Houston	63	22	420	358	1,129
Boise	4	66	409	274	1,030
Providence	13	4	398	303	986
Philadelphia	24	4	380	387	796
Salt Lake City	24	7	380	325	906
Muskogee	35	40	369	292	1,085
Fargo	5	0	369	321	738
Nashville	17	128	365	321	836
Winston-Salem	19	0	362	300	1,264
Manchester	2	340	362	362	387
Baltimore	6	0	358	435	771
Wichita	2	124	358	358	592

Appendix V: Days to Complete Independent Living Plans, Veterans Entering the Independent Living Track During FY 2008

Regional Office	Number of veterans completing their IL plan	Minimum	Mean	Median	Maximum
Atlanta	114	69	351	292	1,103
New York	149	22	340	336	942
Hartford	74	0	329	307	836
Little Rock	16	80	325	208	763
Pittsburgh	2	215	318	318	416
Albuquerque	76	37	310	270	891
Waco	64	84	310	256	1,249
Fort Harrison	3	194	310	292	446
San Diego	38	153	307	292	544
Newark	58	26	300	248	829
Louisville	62	44	296	219	891
St. Louis	19	55	296	172	1,147
Phoenix	135	51	289	252	731
Huntington	4	47	267	270	475
Montgomery	198	44	234	208	1,085
Boston	3	91	226	278	307
Reno	12	80	205	186	446
St. Paul	6	0	150	99	329

Source: GAO analysis of VA data.

^a The Denver Regional Office includes totals for the Cheyenne, Wyoming office. This office is considered a satellite office of Denver.

Note: This table represents those veterans with only one IL plan who entered the IL track during fiscal year 2008 and were rehabilitated by the end of fiscal year 2011. The White River Junction and Wilmington regional offices had no IL track entrants during fiscal year 2008. The Washington Regional Office, renamed the National Capital Region Benefits Office in November 2012, had two entrants during fiscal year 2008, but neither were rehabilitated by the end of fiscal year 2011.

Appendix VI: Independent Living Track Caseload Nationwide and by Regional Office, FY 2008-2011

Number of Veterans Who Entered the IL Track by Region Office, FY 2008-2011

	Overall IL Entrant Count 2008-2011	2008	2009	2010	2011
NATIONAL	9215	2465	2260	2209	2281
Montgomery	908	215	264	189	240
Detroit	709	148	172	202	187
New York	702	178	177	179	168
Atlanta	627	128	99	204	196
St. Petersburg	523	121	104	146	152
Houston	471	82	138	113	138
Oakland	462	181	118	86	77
Phoenix	440	147	114	93	86
Indianapolis	360	93	71	116	80
Waco	264	74	61	52	77
Newark	259	68	62	68	61
Los Angeles	251	101	72	41	37
Hartford	231	82	56	53	40
Albuquerque	221	95	47	32	47
Cleveland	181	36	55	25	65
St. Louis	166	27	40	41	58
Louisville	164	66	50	32	16
Buffalo	154	24	25	54	51
Denver ^a	146	68	25	37	16
San Diego	144	41	47	25	31
Columbia	126	27	32	34	33
Muskogee	118	35	17	29	37
Des Moines	97	25	42	10	20
Honolulu	93	38	13	24	18
Reno	89	13	7	32	37
Jackson	85	7	27	27	24
Philadelphia	82	28	21	15	18
Little Rock	80	33	15	20	12
Seattle	79	30	25	10	14
Nashville	78	20	17	20	21
New Orleans	74	10	12	15	37
Winston-Salem	66	25	18	13	10
Salt Lake City	63	28	16	14	5

**Appendix VI: Independent Living Track
Caseload Nationwide and by Regional Office,
FY 2008-2011**

Number of Veterans Who Entered the IL Track by Region Office, FY 2008-2011

	Overall IL Entrant Count 2008-2011	2008	2009	2010	2011
Huntington	58	6	8	20	24
Togus	58	9	19	10	20
Providence	58	19	16	17	6
Lincoln	58	18	35	5	0
Portland	56	22	10	7	17
Sioux Falls	46	11	22	6	7
Fargo	45	8	19	11	7
Baltimore	41	7	14	14	6
Milwaukee	38	20	6	6	6
St. Paul	31	9	12	7	3
Chicago	26	7	10	4	5
Fort Harrison	25	4	9	3	9
Roanoke	25	2	4	10	9
Boise	24	4	2	14	4
Pittsburgh	22	2	3	4	13
Washington ^b	22	4	2	4	12
Wichita	18	3	0	4	11
Anchorage	12	8	1	1	2
White River Junction	11	0	3	5	3
San Juan	9	2	0	3	4
Boston	8	4	3	1	0
Manchester	7	2	2	1	2
Wilmington	4	0	1	1	2

Source: GAO's analysis of VA administrative data.

^a The IL entrant total for the Denver Regional Office includes the total number of veterans who entered the Cheyenne, Wyoming, office. This office is considered a satellite office of Denver.

^b The Washington Regional Office, located in the District of Columbia, was renamed the National Capital Region Benefits Office in November 2012.

Appendix VII: Comments from the Department of Veteran Affairs



DEPARTMENT OF VETERANS AFFAIRS
Washington, DC 20420

MAY 22 2013

Mr. Daniel B. Bertoni
Director, Education, Workforce
and Income Security Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bertoni:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**VA VOCATIONAL REHABILITATION AND EMPLOYMENT PROGRAM: Improved Oversight of Independent Living Services and Supports Is Needed**" (GAO-13-474) and generally agrees with GAO's conclusions and concurs with GAO's three recommendations to the Department.

The enclosure specifically addresses GAO's three recommendations and provides general and technical comments, and an action plan for each recommendation. VA appreciates the opportunity to comment on your draft report.

Sincerely,


Jose D. Riojas
Interim Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***“VA VOCATIONAL REHABILITATION AND EMPLOYMENT PROGRAM:
Improved Oversight of Independent Living Services and Supports Is Needed”***
(GAO-13-474)

General Comments:

To address the needs of Veterans with the most severe disabilities who participate in independent living (IL) services, the Veterans Benefits Administration's (VBA) Vocational Rehabilitation & Employment (VR&E) Service collaborates with the Veterans Health Administration (VHA) at both the local and national levels. VHA Directive 2010-022 establishes policy on VR&E program support. Implementation of this policy is the responsibility of each VHA medical center Director. Ensuring effective compliance is a cooperative effort between the VHA medical center Director and the VBA regional office (RO) Director.

The IL services provided to each Veteran are unique. Information about the type of benefit provided by the RO would be insufficient to determine the appropriateness of planned services. Similarly, dollar values alone are not informative as the cost of provided services is determined by the needs of the Veteran, available resources, and locally-determined pricing considerations. Procedures governing the oversight of expenditures for Veterans receiving IL services exceed those for other rehabilitation plans. VBA reviews of IL cases find that fiscal payments are consistent with regulatory guidelines.

Throughout the report, GAO cites findings from cases that entered IL case status in 2008. However, VR&E believes that many of the issues found in these cases have been addressed by the policy guidance, oversight, and training provided to field staff during the past 5 years.

The objective of the current VBA IL Business Process Reengineering study is to comprehensively examine current IL service delivery, including best practices, within the VR&E program and the private sector. At the conclusion of this study, there will be a detailed plan for transformation and implementation of procedures to facilitate the highest quality IL service delivery.

Enclosure

Department of Veterans Affairs (VA) Comments to
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(GAO-13-474)

GAO Recommendation: The Secretary of Veterans Affairs should direct the Undersecretary for Benefits to take the following actions:

Recommendation 1: Work with the Undersecretary for Health to explore options on ways to enhance coordination to ensure IL track veterans’ needs are met by VHA, when appropriate, in a timely manner. This could include improving staff education, response times to IL referrals, and the provision of medically related goods and services.

VA Response: Concur. The Veterans Benefits Administration (VBA) and Veterans Health Administration (VHA) will continue to work together to improve the coordination of services and ensure the needs of Vocational Rehabilitation & Employment (VR&E) participants are met expeditiously, as required in VHA Directive 2010-022.

VR&E counselors currently access VHA’s Compensation and Pension Record Interchange (CAPRI) system to obtain information related to the scheduling of consultations and appointments.

In addition, VBA worked with VHA to develop an automated referral system in CAPRI enabling VR&E counselors to make referrals to VHA providers electronically and improve the timeliness of requests. Included in the system capabilities are referral requests for VHA Home Improvement and Structural Alteration grants and for evaluations of independent living (IL) needs. Electronic confirmation for requests and verification of completions will also be available. A 60-day pilot of the system will be conducted by the fourth quarter of fiscal year 2013. Upon completion of the pilot, it is VBA’s and VHA’s intention to implement the new process nationally. Target Completion Date: March 31, 2014

Recommendation 2: Implement an oversight approach that enables VR&E to better ensure consistent administration of the IL track across regions. In developing this approach, consider ensuring that VR&E’s CWINRS system:

- Tracks the total cost and types of benefits provided to each veteran in the IL track by regional office.
- Accounts for the number of individual veterans served to ensure that the agency has the information it needs to adequately manage the IL track;
- Contains stronger data entry controls to ensure that IL track information is recorded in a consistent manner and is accurate and complete.

VA Response: Concur. VBA will review the current oversight procedures and conduct a thorough assessment of areas that can be strengthened to ensure consistent

Enclosure

Department of Veterans Affairs (VA) Comments to
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Improved Oversight of Independent Living Services and Supports Is Needed”***
(GAO-13-474)

administration of the IL track across regions. While funding does not currently exist for CWINRS enhancements to support this effort, VBA will consider whether ad hoc reports can be developed in the absence of CWINRS enhancements. VBA will also consider preparing business requirements for future enhancements to CWINRS for implementation in future years. The assessment and proposal for a new oversight approach for the IL track will be completed by September 30, 2013, and implemented by March 31, 2014.

Recommendation 3: Reassess and consider enhancing the agency’s current policy concerning the required level of approval for IL track expenditures, given the broad discretion individual regional offices have in determining the types of goods and services IL track veterans receive.

VA Response: Concur. VBA has extensive review requirements for all plans of IL services. Currently, all plans of IL services must be approved by the VR&E Officer before any services are provided or expenditures are authorized. This oversight is unique among VR&E rehabilitation plans and provides the local manager an opportunity to question or obtain additional justification for both proposed services and the resulting costs.

When home modifications are part of the IL plan, construction costs exceeding \$2,000 must also be approved by the Director at the regional office (RO). From September 5, 2007, to December 3, 2010, VR&E Service reviewed all IL cases with construction costs that exceeded \$2,000. The high approval rate, quality of supporting documentation, and compliance with acquisition procedures found in these cases supported decentralization of the approval process to the local level. Construction costs that exceed \$25,000 must be approved by the Director, VR&E Service. Non-construction cost-threshold approvals for IL cases are consistent with those for other rehabilitation plans, which also contain a range of services at various cost levels.

VBA finds merit in reassessing the current policy to identify areas that can be strengthened. While the existing policy includes a great deal of cost-threshold approvals, there may be room for improvement in the consistent application across ROs in determining the types of goods and services IL Veterans receive. VBA will consider results and recommendations from the current contracted assessment of the IL program in this assessment. The assessment of current policy and implementation of any enhanced policies or procedures will be completed and implemented by March 31, 2014.

Appendix VIII: GAO Contacts and Staff Acknowledgments

Contact

Daniel Bertoni, (202) 512-7215 or bertonid@gao.gov.

Acknowledgments

In addition to the contact listed above, individuals making key contributions to this report were Clarita Mrena (Assistant Director), James Bennett, Melinda Bowman, David Chrisinger, Mary Ann Curran, David Forgosh, Danielle Giese, Angela Jacobs, Mitch Karpman, John Lack, Kirsten B. Lauber, Karen O'Connor, James Rebbe, Martin Scire, Almeta Spencer, Jeff Tessin, Jack Warner, and Ashanta Williams.

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