



DEPARTMENT OF VETERANS AFFAIRS  
**OFFICE OF INSPECTOR GENERAL**

*Office of Audits and Evaluations*

VETERANS BENEFITS ADMINISTRATION

Los Angeles Vocational  
Rehabilitation and  
Employment Program  
Generally Met Requirements  
After Hiring Additional Staff

REVIEW

REPORT #18-04562-205

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## Executive Summary

In May 2018, the VA Office of Inspector General (OIG) received a congressional request to review the Vocational Rehabilitation and Employment (VR&E) program at the VA regional office in Los Angeles, California. The VR&E program helps veterans with service-connected disabilities prepare for, find, and maintain suitable employment. Congressman Adam Schiff and then Congressman Steve Knight requested the review on behalf of veterans in Los Angeles who expressed frustration with a lack of responsiveness from the vocational rehabilitation counselors (VRCs) who provide veterans with case management services. Veterans also complained to the congressmen that reimbursement claims for academic supplies were inappropriately denied.

With respect to these complaints, the congressmen specifically requested the OIG examine

1. Whether the VR&E program had adequate staffing,
2. Whether VR&E staff demonstrated progress toward placing veterans on a track to gainful employment,
3. Whether VR&E staff appropriately responded to veterans' requests for reimbursement for academic supplies, and
4. The number of veterans approved for VR&E benefits compared to the number denied in the past four years.

### What the Review Found

In response to the request, the OIG conducted this review to determine whether the Los Angeles VR&E program was sufficiently staffed to assist veterans, demonstrated progress placing veterans on track to gainful employment, accurately processed supply reimbursements, and assessed the number of veterans approved for the program versus those denied.

The OIG did not directly assess VRCs' responsiveness, but within the staffing review the OIG examined whether VR&E staff made the appropriate number of veteran contacts according to program requirements.

The OIG also identified an additional area of concern during this review related to inadequate oversight of program costs that could increase the potential for fraud, waste, and abuse of VR&E funds.

### Staffing at the Los Angeles VR&E Program

Responsiveness can often be associated with whether sufficient staff are available to provide case management or other services. The OIG team examined the staffing levels and VRCs' contact with veterans for the Los Angeles VR&E program. In 2016, Congress enacted legislation that recognized the need to provide a 125-to-1 veteran-to-counselor ratio within its rehabilitation

programs.<sup>1</sup> Since then, the Veterans Benefits Administration (VBA) has been working to achieve this ratio. VR&E officials explained that the VR&E program received authority in July 2018 from the VA under secretary for benefits to hire 169 VRCs nationally to achieve this ratio. In October 2018, the Los Angeles VR&E program had 34 VRCs and was positioned at a 174-to-1 veteran-to-counselor ratio. That same month 13 VRCs were hired, bringing the total to 43 (including staff departures). Four more were hired in subsequent months with the final hire starting in July 2019, bringing the total to 47 VRCs. However, due to the lengthy training program required for VRCs, it will take until about January 2020 before all new hires are working a full caseload. At that time, all VRCs are anticipated to have a caseload of no more than 125 veterans each.

In addition, as of April 2018, the Los Angeles VR&E program had no full-time employment coordinators. According to the VR&E officer, these tasks were left to VRCs who had their own caseloads. In November 2018, the program advertised for three employment coordinators and reported hiring them in February 2019.

Although VRCs at the Los Angeles VR&E program had caseloads that exceeded 125 veterans, the OIG team found they generally met the minimum requirement for contact with veterans based on its review of 30 veteran cases. The amount of contact required varies from once a year to once a month, depending on the level of supervision assigned to the case.

For one veteran in the sample, however, the VRC did not make the required minimum number of contacts. In fact, the VRC went more than five years without contacting the veteran. At the time, the assigned VRC had a caseload of over 300 veterans, and he was only able to respond to veterans' requests for assistance. The VRC stated he did not have time to initiate the required contacts.

The Los Angeles VR&E program's overseeing officer stated that there are continued efforts to maintain staffing levels. Further, the director of the VR&E Service, which provides national oversight and policies and procedures for the VR&E programs, stated the service will continue to monitor caseloads and staffing levels.

## **Progress in Placing Veterans on Track Toward Gainful Employment**

VR&E performance is tracked by the number of "positive outcomes" in a program. A positive outcome includes all cases in which veterans are "rehabilitated" or have reached their maximum rehabilitation gain. Veterans are considered rehabilitated if they have successfully completed one of four employment tracks and maintained suitable employment for at least 60 days. Suitable employment is considered as working in an occupation that matches a veteran's skills, abilities, and interests, and is within his or her physical, cognitive, and psychological capabilities. A fifth

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<sup>1</sup> Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act, Pub. L. No. 114-223, § 254, 130 Stat. 894 (2016).

track offers services for veterans to improve their independence in daily living when the pursuit of vocational goals is not feasible. Veterans in this track are considered to have positive outcomes if they have completed rehabilitation goals or achieved a substantial increase in their level of independence in daily living for at least 60 days.

The number of veterans rehabilitated or reaching their maximum rehabilitation gain at the Los Angeles VR&E program increased each year from fiscal year (FY) 2015 to FY 2018. In FY 2018, the program exceeded its goal of 525 positive outcomes with 539.

### **Reimbursement Requests for Academic Supplies**

VRCs generally authorize supply purchases through school bookstores but can also reimburse veterans for the supplies when a bookstore does not carry the required supplies or does not accept the government purchase card.<sup>2</sup> Also, veterans who purchased school supplies before enrolling in the program can be reimbursed if they provide receipts and the course syllabus showing the supplies were required.<sup>3</sup>

The OIG team examined a random sample of 30 veterans' counseling/evaluation/rehabilitation (CER) folders from the Los Angeles VR&E program to determine whether VRCs accurately processed academic supply reimbursement requests.<sup>4</sup> Out of the 30 reviewed, 10 veterans had reimbursement requests totaling about \$3,800. The OIG team found that VRCs accurately reimbursed all 10 veterans for the supplies and maintained all necessary documentation to justify the reimbursements as required. The team did not find any veterans in the sample whose reimbursement requests for academic supplies were denied.

### **Number of Veterans Approved at the Los Angeles VR&E**

Veterans are eligible to apply for the VR&E program for a specific amount of time if they receive anything other than a dishonorable discharge from active military service and have a service-connected disability rating of at least 20 percent with an employment handicap, or 10 percent with a serious employment handicap. The Los Angeles VR&E program found that 95–98 percent of veterans who applied to the program from FY 2015 through FY 2018 were eligible. This is comparable to the percentage of veterans found eligible nationally. A VRC then determines if the veteran is impaired from obtaining or maintaining employment and determines whether the veteran's service-connected disability caused the impairment. If so, the veteran is entitled to receive benefits under the VR&E program and approved to receive rehabilitation

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<sup>2</sup> VBA, Vocational Rehabilitation and Employment Service Manual (M28R), Part V, Section A, Chapter 4, 4.05, *Methods of Providing Supplies*, November 19, 2015.

<sup>3</sup> M28R, Part V, Section A, Chapter 3, 3.05, *Payment for Services, Supplies and Training*, November 7, 2013.

<sup>4</sup> The random sample selection of veterans' folders was the result of being unable to select and review only veterans with denied supply requests.

services. The percentage of eligible veterans who were determined to be entitled to receive services decreased significantly when comparing FY 2015 and FY 2016 to FY 2017 and FY 2018. According to the Los Angeles VR&E officer, this was due to improved compliance with the entitlement requirements.<sup>5</sup> The Los Angeles VR&E program entitlement percentage of 66 percent for FY 2017 matched the national percentage for the same year.

### **Additional Concern Related to Lack of Oversight**

While reviewing the questions requested by the congressmen, the OIG team identified an additional area of concern related to the lack of oversight over program costs in the VR&E program that could potentially increase the fraud, waste, and abuse of funds. VR&E officers are required to approve rehabilitation plans with estimated costs exceeding \$25,000.<sup>6</sup> However, there are no automated system controls to ensure these approvals are obtained. The VR&E officers rely on VRCs to notify them when a rehabilitation plan requires their review and approval. Also, there is currently no procedure in place to review or evaluate actual program costs compared to the planned program costs to identify plans that exceeded the VRC approval threshold.

### **Conclusion**

The Los Angeles VR&E program hired additional VRCs and employment coordinators during the review period, and the additional staffing is expected to bring the program up to the recommended veteran-to-counselor ratio. However, the OIG cannot assess the impact the additional staff will have on the program's performance or veterans currently participating in the program. The OIG also determined the program generally demonstrated progress in placing veterans on track toward gainful employment, and accurately processed the reimbursement requests for academic supplies. Therefore, the OIG made no recommendations for improvement at this time. The OIG did identify an additional concern about the lack of oversight over program costs in the VR&E program. However, the OIG only found two cases of the 30 sampled that lacked required approvals, and there was no fraud, waste, or abuse, so no recommendations were made.

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<sup>5</sup> See M28R, Part IV, Section B, Chapter 2, 2.04, *Comprehensive Initial Evaluation and Entitlement Determination Criteria*, July 2, 2014, for specific entitlement requirements.

<sup>6</sup> M28R, Part V, Section B, Chapter 1, 1.04, *Levels of Authority for Program Costs*, July 2, 2014. The VRC can approve rehabilitation plans with an annual cost of up to \$25,000. The VR&E officer may approve rehabilitation plans with an annual cost of \$25,000 to \$75,000. The VA regional office director may approve rehabilitation plans with an annual cost of over \$75,000 to \$100,000. The VR&E Service director can approve rehabilitation plans where the annual cost exceeds \$100,000.

## Management Comments and OIG Response

The under secretary for benefits concurred with the OIG's findings and provided technical comments. The OIG incorporated those comments in the report where appropriate.



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## Abbreviations

CER	counseling/evaluation/rehabilitation
CWINRS	Corporate Waco Indianapolis Newark Roanoke Seattle
FY	fiscal year
OIG	Office of Inspector General
VBA	Veterans Benefits Administration
VR&E	Vocational Rehabilitation and Employment
VRC	vocational rehabilitation counselor



## Introduction

In May 2018, Congressman Adam Schiff and then Congressman Steve Knight requested that the VA Office of Inspector General (OIG) review the Los Angeles Vocational Rehabilitation and Employment (VR&E) Program. The congressmen requested the review on behalf of numerous veterans who expressed frustration with the lack of responsiveness from vocational rehabilitation counselors (VRCs) at the Los Angeles VR&E program. Veterans also questioned whether their reimbursement claims for academic supplies were inappropriately denied.

With respect to these complaints, the congressmen specifically requested that the OIG examine

1. Whether the VR&E program had adequate staffing,
2. Whether VR&E staff demonstrated progress toward placing veterans on a track to gainful employment,
3. Whether VR&E staff appropriately responded to veterans' requests for reimbursement for academic supplies, and
4. The number of veterans approved for VR&E benefits compared to the number denied in the past four years.

To respond to the congressmen's questions, the OIG conducted this review to determine whether the Los Angeles VR&E program was sufficiently staffed to assist veterans, demonstrated progress placing veterans on track to gainful employment, accurately processed supply reimbursements, and assessed the number of veterans approved for the program versus those denied. Although the OIG team did not directly assess VRCs' responsiveness, it did examine indicators such as whether VR&E staff made the appropriate number of veteran contacts according to program requirements as part of the OIG staffing review.

During this review, the OIG identified an additional area of concern related to the inadequate oversight of program costs that could increase the potential for fraud, waste, and abuse of VR&E funds.

## Vocational Rehabilitation and Employment Program

VR&E Service provides policies and procedures for the overall program and has oversight responsibility to ensure field staff provide timely high-quality services.<sup>7</sup> The VR&E program helps veterans with service-connected disabilities achieve maximum independence in daily living and, to the extent feasible, prepare for and obtain suitable employment.<sup>8</sup> Service-connected

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<sup>7</sup> M28R, Part I, Section A, Chapter 2, 2.04, *VR&E Service Overview*, August 1, 2012.

<sup>8</sup> M28R, Part I, Section A, Chapter 2, 2.03, *VBA Overview*, August 1, 2012.

disabilities are those that occurred during or were made worse by military service.<sup>9</sup> To be approved to participate in the VR&E program, a veteran must have a service-connected disability resulting in an “employment handicap.”<sup>10</sup> An employment handicap substantially affects the veteran’s ability to prepare for, obtain, or maintain suitable employment that is consistent with his or her abilities, aptitudes, and interests.<sup>11</sup>

To receive benefits through the VR&E program, the veteran must have a service-connected disability evaluated as “20 percent disabling or greater” together with an employment handicap. Or, a veteran can be entitled with a service-connected disability evaluated at 10 percent with what would be considered a “serious” employment handicap.<sup>12</sup> To determine whether a veteran has a serious employment handicap, VRCs consider factors such as the severity of disabling conditions, a pattern of reliance on government support programs, and the existence of neuropsychiatric conditions.<sup>13</sup>

After a rehabilitation plan is developed, the veteran may enter an education or training program.<sup>14</sup> All VR&E participant costs, including any school or training tuition, books, and fees, are paid by VA.<sup>15</sup> Veterans who enter an education or training program also receive a subsistence allowance.<sup>16</sup> The subsistence allowance is paid each month during school or training and is based on the rate of attendance (full-time or part-time), the number of dependents, and the type of training.<sup>17</sup>

The VR&E program provides five tracks for participants.<sup>18</sup> Four of these tracks provide comprehensive rehabilitation services and assistance to enable veterans to prepare for, find, and maintain suitable employment. Suitable employment is considered to be an occupation that matches a veteran’s pattern of skills, abilities, and interests, and is within his or her physical, cognitive, and psychological capabilities.<sup>19</sup> The VR&E program also provides a fifth track that offers services for veterans to improve their independence in daily living when the pursuit of a

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<sup>9</sup> M28R, Part IV, Section A, Chapter 1, 1.04.c, *Service Connected Disability Status*, August 15, 2013.

<sup>10</sup> M28R, Part III, Section B, Chapter 2, 2.04.b.2, *Entitlement*, May 29, 2018.

<sup>11</sup> M28R, Part IV, Section B, Chapter 2, 2.11. a.1, *Employment Handicap*, August 15, 2013.

<sup>12</sup> 38 U.S.C. § 3102 (a) (2012).

<sup>13</sup> M28R, Part IV, Section B, Chapter 2, 2.12.b, *Factors for Determining SEH*, August 15, 2013.

<sup>14</sup> M28R, Part IV, Section C, Chapter 4, 4.04.c, *Employment Through Long-Term Services*, August 15, 2013. VR&E website: [https://www.benefits.va.gov/vocrehab/VRE\\_process.asp](https://www.benefits.va.gov/vocrehab/VRE_process.asp) (The website was accessed on April 22, 2019) and [https://www.benefits.va.gov/vocrehab/employment\\_tracks.asp](https://www.benefits.va.gov/vocrehab/employment_tracks.asp). (The website was accessed on April 22, 2019.)

<sup>15</sup> M28R, Part V, Section A, Chapter 3, 3.05, *Payment for Services, Supplies, and Training*, November 7, 2013.

<sup>16</sup> 38 C.F.R. 21.260 (2011).

<sup>17</sup> M28R, Part V, Section A, Chapter 3, 3.04, *Subsistence Allowance*, November 7, 2013; and M28R, Part V, Section B, Chapter 8, 8.06.b, *Procedures — Rate of Payment*, July 2, 2014.

<sup>18</sup> M28R, Part IV, Section C, Chapter 4, 4.04, *Five Tracks to Employment Defined*, August 15, 2013.

<sup>19</sup> M28R, Part I, Section A, Chapter 2, 2.03, *VBA Overview*, August 1, 2012.

vocation goal is not feasible given the effects of their service-connected disabilities.<sup>20</sup> Table 1 illustrates the five tracks provided to VR&E participants.

**Table 1. VR&E Program’s Five Tracks**

Track	Description
Reemployment	For veterans separated from active military service who want to return to work with their previous employers
Rapid access to employment	For veterans who seek employment and already have the skills to be competitive in the job market
Self-employment	For veterans who have limited access to traditional employment, need flexible work schedules, or need a more accommodating work environment due to their disabling conditions or other life circumstances
Employment through long-term services	For veterans to obtain necessary job skills such as training or education, non-paid work experience, specialized testing, or work study before employment
Independent living services	For veterans for whom employment is not currently reasonably feasible, this track assists in achieving more independence in their homes and communities

*Source: M-28R, Part IV, Section C, Chapter 4, 4.04*

VA considers veterans “rehabilitated” if they complete their goals associated with one of the four employment tracks and maintain that suitable employment for 60 days.<sup>21</sup> Veterans in the fifth track for independent living are considered rehabilitated when they achieve their stated goals or experience a substantial increase in their levels of independence in daily living for at least 60 days. If the veteran decides not to pursue VR&E services or does not respond to VRC attempts to gain the veteran’s participation and completion of his or her rehabilitation plan, the case may be discontinued.<sup>22</sup>

VR&E nationwide total program participant costs, including subsistence allowance payments, were \$1.4 billion in fiscal year (FY) 2018. Los Angeles VR&E participant costs totaled \$86.3 million during the same fiscal year.<sup>23</sup>

Table 2 illustrates the Los Angeles VR&E participant costs and number of participants with costs from FY 2015 through FY 2018 as compared to the national totals. The table provides context for understanding the size of the Los Angeles operations and later discussions that compare its performance indicators to national numbers.

<sup>20</sup> M28R, Part IV, Section C, Chapter 4, 4.04, *Five Tracks to Employment Defined*, August 15, 2013.

<sup>21</sup> 38 C.F.R. §21.283 (1993).

<sup>22</sup> M28R, Part IV, Section C, Chapter 5, 5.05.b, *Discontinued*, March 31, 2014.

<sup>23</sup> Information provided by the VBA Office of Performance Analysis and Integrity.

**Table 2. Los Angeles and National Total VR&E Program Participant Costs and Number of Participants**

<b>Fiscal year</b>	<b>Los Angeles VR&amp;E total participant costs (in millions)</b>	<b>Los Angeles VR&amp;E number of participants with costs</b>	<b>National VR&amp;E total participant costs (in millions)</b>	<b>National VR&amp;E number of participants with costs</b>
2015	\$61.7	4,054	\$1,243.4	109,560
2016	\$86.4	5,181	\$1,358.3	115,660
2017	\$99.6	6,209	\$1,423.7	118,500
2018	\$86.3	5,310	\$1,446.8	116,303

*Source: VBA's Office of Performance Analysis and Integrity*

## Results

### **Finding: The Los Angeles VR&E Program Generally Met Requirements After Hiring Additional Staff**

The Los Angeles VR&E program generally complied with VA program requirements, criteria, or goals for staffing, making required veteran contacts, meeting rehabilitation outcomes, and reimbursing veterans for supplies; and the program had an approval percentage similar to or higher than that of the national program for the past four years.

From FY 2013 to FY 2017, the Los Angeles VR&E program experienced staffing shortages resulting in a program ratio of over 200 veterans per counselor because of the inability to hire additional staff until the fourth quarter of FY 2018. According to VRCs, those shortages hindered their ability to appropriately manage cases and assist veterans.

Despite the staffing shortages, the Los Angeles VR&E program generally demonstrated progress toward placing veterans on a track to gainful employment. The number of veterans rehabilitated through the program each year increased from 238 veterans in FY 2015 to 446 veterans in FY 2018. The VR&E officer who oversaw the Los Angeles program attributed the increase to temporarily shifting VRCs' administrative responsibilities to the employment coordinator when veterans were ready to begin their employment searches. This alleviated some of the VRC caseload work until April 2018 when the employment coordinator left. The OIG team determined VR&E staff generally made the appropriate number of veteran contacts according to program requirements.

Finally, in the cases examined by the OIG team, the VRCs accurately processed veterans' reimbursement requests for academic supplies, and the percentage of veterans approved to participate in the Los Angeles VR&E program was similar to or higher than the national percentage in the past four years.

However, during this review, the OIG team identified an additional area of concern related to the lack of oversight of program costs that could increase the potential for fraud, waste, and abuse of VR&E funds.

This finding of general compliance is based on an examination of the following:

- Staffing at the Los Angeles VR&E program
- Progress in placing veterans on a track toward gainful employment
- Reimbursement requests for academic supplies
- Number of veterans approved for the VR&E program versus those denied at the Los Angeles VA regional office

This finding also discusses the additional concern the OIG team identified related to the lack of oversight over program costs for participants in the VR&E program.

## What the OIG Did

The scope of the review included both national and Los Angeles VR&E program data from FY 2015 through FY 2018. The OIG team reviewed current and historical staffing levels for the Los Angeles VR&E program to determine if it was operating at a veteran-to-counselor ratio of 125-to-1. The OIG team conducted a site visit and interviewed the VR&E officer, assistant officer, human resources specialist, four VRCs, and the acting employment coordinator. The OIG team statistically selected a sample of 30 veterans from a population of 672 Los Angeles VR&E program veterans considered rehabilitated or who discontinued the program. The 672 veterans in the population received employment adjustment allowance payments, subsistence allowance payments, or both from the Los Angeles VR&E program from October 1, 2017, through March 31, 2018. The OIG team examined the counseling/evaluation/rehabilitation (CER) folders for the 30 veterans in the sample to assess documentation and adherence to the VR&E program's requirements for rehabilitation plans, employment outcomes, and contacts and for reimbursement requests for academic supplies, from the responsible VRCs.

Additionally, the OIG team attempted to contact veterans from the sample and the veterans who submitted complaints to their congressmen. Four veterans from the sample and five veterans who submitted the complaints responded and were interviewed about their experiences with the VR&E program. Appendix A provides additional details on what the OIG did.

## Los Angeles VR&E Program Staffing

Responsiveness can often be associated with whether sufficient staff are available to provide case management or other services. The OIG team examined the Los Angeles VR&E staffing levels to assess whether they contributed to veterans' expressed frustrations about the lack of VRC responsiveness, using as an indicator VRC contacts with veterans at the Los Angeles VR&E program.

VRCs provide a range of counseling and case management services to veterans.<sup>24</sup> VRCs are required, at a minimum, to have one annual face-to-face meeting and follow-up telephone calls during each academic term or three times per year with each veteran in their caseload.<sup>25</sup> Once veterans have completed their education or training and the VRC determines them to be ready for employment, the employment coordinator becomes involved with the veterans' cases.

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<sup>24</sup> M28R, Part I, Section A, Chapter 2, 2.06.b, *Organizational Structure of VR&E Division*, states that VRCs provide a "full range of rehabilitation and counseling services, including all services leading to suitable employment or independent living, such as comprehensive evaluations, entitlement determinations, vocational counseling, rehabilitation planning, job placement and case management."

<sup>25</sup> M28R, Part IV, Section C, Chapter 2, 2.08, *Case Management Appointments*, August 15, 2013.

Employment coordinators provide veterans with employment assistance such as résumé preparation, interviewing, career searches, and labor market information.

### **Veteran-to-Counselor Ratio**

In 2016, Congress enacted legislation that recognized the need to provide a 125-to-1 client-to-counselor ratio within VA's rehabilitation programs.<sup>26</sup> The Veterans Benefits Administration (VBA) has been working to achieve this ratio. According to the VR&E Human Resources Report, VRCs in the Los Angeles program had been operating at or over 200 veterans per counselor from as early as 2013 through May 2018. At times, the ratio had been as high as 279 veterans per VRC. The VR&E officer explained that the large population in Los Angeles and an increased number of program participants contributed to the high veteran-to-counselor ratios.

As of October 1, 2018, the Los Angeles VR&E program had a total caseload of 5,927 veterans and a ratio of about 174 veterans to one VRC.<sup>27</sup> At that time, the Los Angeles VR&E program had the seventh-highest veteran-to-counselor ratio nationwide.<sup>28</sup>

In October 2018, the Los Angeles VR&E program had 34 VRCs and hired 13, bringing the total to 43 VRCs (including staff departures). Three more VRCs started in November 2018, and one more in January 2019. Between February 2019 and June 2019, the Los Angeles VR&E program lost seven VRCs as a result of resignations, promotions and a termination. The Los Angeles VR&E program continued to hire after June 2019 with additional VRCs reporting in July 2019, bringing the total VRCs to 47. According to the Los Angeles VR&E officer, it can take six to eight months for a new VRC to begin working a full caseload because the Los Angeles VR&E program has a 46-week training schedule, which includes online and on-the-job training. The VR&E program's national training supervisor stated the national training curriculum considers a VRC to be new if they have been in the position for 12 months or less. During the training period, veterans' cases are slowly integrated into the new VRCs' workloads based on training performance. Because of the lengthy training program required, all the newly hired VRCs will not begin working a full caseload until about January 2020. At that time, with 47 VRCs, the Los Angeles VR&E program is expected to be operating at a caseload of no more than 125 veterans per counselor.

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<sup>26</sup> Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act, Pub. L. No. 114-223, § 254, 130 Stat. 894 (2016). ("The Secretary of Veterans Affairs may use amounts appropriated or otherwise made available in this title to ensure that the ratio of veterans to full-time employment equivalents within any program of rehabilitation conducted under Chapter 31 of Title 38, United States Code, does not exceed 125 veterans to one full-time employment equivalent.")

<sup>27</sup> VR&E Human Resources Report provided by the VR&E Service on March 25, 2019.

<sup>28</sup> The Boston, Massachusetts, VR&E program had the highest ratio at 249 veterans to one VRC.

Staff at the national VR&E program at VBA's central office were aware of the caseload and staffing issues for VRCs. To address the heavy VRC caseloads, the director of the VR&E Service explained that, as far back as 2013, they worked with VBA's Office of Field Operations to revise performance standards and ensure caseloads could be managed as effectively as possible, given the resource restraints.<sup>29</sup> The deputy director of VR&E Service further explained that, due to VBA budgetary constraints, the under secretary for benefits did not give the VR&E program authority to hire VRCs to operate at the 125-to-1 ratio. Authority to hire was not given until the fourth quarter of FY 2018, according to the director of the VR&E Service. Without budgetary resources available to hire additional staff, the national VR&E program was unable to achieve a veteran-to-counselor ratio of 125-to-1. According to the director of the VR&E Service, in July 2018, the national VR&E program received authority to hire 169 new VRCs nationally to meet the desired staffing ratio.

Although VRCs at the Los Angeles VR&E program had caseloads that exceeded 125 veterans, the OIG team found the VRCs generally met the minimum requirement for making contact with veterans, based on the review of sampled veterans. The amount of required contact with the veteran for case management appointments and progress review is referred to as the "supervision level." Veterans are assigned one of three supervision levels, which indicate the required minimum frequency for face-to-face case management appointments between the veteran and the VRC. The frequency requirements range from once annually to once per month.<sup>30</sup>

For one of 30 veterans in the sample the OIG team reviewed, the VRC did not make the required minimum number of contacts with the veteran. In that case, the veteran went over five years without being contacted by the VRC. The VRC stated that, at the time, his caseload was over 300 veterans and he was only able to respond to requests for assistance from veterans. He did not have time to proactively contact veterans as required. Despite the lack of contact from the VRC, the veteran was rehabilitated and obtained employment in a desired field. Additionally, this VRC had three other veterans' cases represented in the sample reviewed, two with the lowest level of supervision (annual face-to-face contact) and one with midlevel supervision (from once per academic term to at least three times annually).<sup>31</sup> The VRC met the minimum contact requirements for these three veterans, but the OIG team was unable to determine whether the VRC or the veteran initiated the contact. Two of these veterans were rehabilitated, and one discontinued the program because of incarceration.

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<sup>29</sup> The Office of Field Operations provides operational oversight to the district offices and regional offices.

<sup>30</sup> M28R, Part IV, Section C, Chapter 2, 2.08.b, *Case Management Level*, August 15, 2013.

<sup>31</sup> M28R, Part IV, Section C, Chapter 2, 2.08.b.

## No Full-Time Employment Coordinators

An employment coordinator assists veterans in “job-ready” status with finding jobs, including assisting veterans with interviewing skills and communicating with employers in the community.<sup>32</sup> A veteran becomes job-ready when he or she has achieved the objectives of the rehabilitation plan and is determined to be ready for employment by the VRC.<sup>33</sup> As of May 31, 2018, the Los Angeles VR&E program had 512 of 5,798 veterans, or 9 percent, in job-ready status, which was comparable to the 8 percent of veterans in job-ready status nationwide.

According to the Los Angeles VR&E officer, the program had two employment coordinators and in December 2017 one position became vacant. The second position became vacant in April 2018. There were no full-time employment coordinators until February 2019. Because of these vacancies, Los Angeles VR&E managers selected a VRC to serve as an acting employment coordinator. However, the VRC performed limited functions as employment coordinator because his caseload was not reduced to compensate for the additional employment coordinator duties. Therefore, most of the employment coordinator tasks fell to the remaining Los Angeles VRCs in addition to their high caseloads.

According to the Los Angeles VA regional office’s human resources specialist, the Los Angeles VR&E program experienced delays in filling the two vacant employment coordinator positions. Several factors caused delays in opening the employment coordinator position, such as continual updates to the recruitment package related to the number of allocated positions and the position classification. The Los Angeles VR&E program submitted a request to VBA’s Denver Human Resources Center in December 2017 to change the employment coordinator’s grade level classification. The Los Angeles VA regional office human resources specialist did not follow up on the status of the request until March and then again in April and May 2018. Once the human resources specialist received the grade level classification, she submitted the recruitment package.

But, the recruitment package was then put on hold from June to September 2018 at the Denver Human Resources Center waiting for the approved number of allocated positions associated with the announcement from the central hiring office. According to the human resources specialist, it was determined in October 2018 by VBA’s Office of Field Operations that the number of allocated positions was not a needed component for the recruitment package. This allowed the positions to be posted. Following the evaluation of staffing levels by the Office of Field Operations in October 2018, the Los Angeles VR&E program received an increased allocation

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<sup>32</sup> M28R, Part I, Section A, Chapter 2, 2.06.b, *Organizational Structure of VR&E Division*, August 1, 2012, (stating that an employment coordinator “[p]rovides job-ready services and coordinates with employers to assist Veterans with service connected disabilities and other entitled Veterans in their pursuit of suitable employment”); M28R, Part VI, Section A, Chapter 4, 4.03c, *Job-Seeking Skills*, March 31, 2014.

<sup>33</sup> M28R, Part VI, Section A, Chapter 4, 4.03.b, *Requirements*, March 31, 2014.

from two to three employment coordinator positions. In November 2018, the Los Angeles VR&E program opened a vacancy announcement to hire the employment coordinators. The Los Angeles VR&E officer informed the OIG team that the program hired three employment coordinators in February 2019.

VA policy requires the VR&E officer to maintain proper staffing levels and allows hiring staff up to the level authorized by the Office of Field Operations.<sup>34</sup> The Los Angeles VR&E officer informed the OIG team that, to maintain appropriate staffing levels, the Los Angeles VR&E program would recruit and hire staff to “supplement attrition.” In addition, the director said the VR&E Service would continue to collaborate with the Office of Field Operations to monitor caseload and staffing levels and hire additional staffing resources when needed.

### **Progress Placing Veterans on a Track Toward Gainful Employment**

The Los Angeles VR&E program generally demonstrated progress with placing veterans on track toward gainful employment, despite not operating at a 125-to-1 veteran-to-counselor ratio. As part of the VR&E program, VRCs and veterans jointly develop rehabilitation plans laying out their employment goals following an assessment of their skills and abilities. This helps to ensure veterans are placed on a track toward gainful employment. To evaluate the VR&E program’s success in rehabilitating veterans, VR&E Service tracks the number of “positive outcomes.”

Positive outcomes include all rehabilitated cases and those discontinued cases where the veterans reached their maximum rehabilitation gain.<sup>35</sup> In FY 2018, the Los Angeles VR&E program exceeded its goal of 525 positive outcomes, with a total of 539. This number was more than double the 250 positive outcomes for FY 2015.

The OIG team reviewed the number of participants rehabilitated both for the program nationally and the Los Angeles VR&E program. This allowed the OIG team to determine if the Los Angeles VR&E program was improving the number of veterans rehabilitated while benchmarking its performance against the national program average. Because a significant number of veterans leave the program as “discontinued,” the OIG also reviewed the number of discontinued veterans both nationally and at the Los Angeles VR&E program. Discontinued veterans are those who decide not to pursue the VR&E program or do not respond to contact attempts from VRCs.<sup>36</sup>

Table 3 illustrates that the total number of veterans leaving the Los Angeles VR&E program as rehabilitated increased each year from FY 2015 to FY 2018.

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<sup>34</sup> M28R, Part II, Section A, Chapter 3, 3.03, *General Information on Office Staffing*, July 2, 2014.

<sup>35</sup> Memorandum from the deputy under secretary for field operations and the director of the VR&E Service, June 30, 2015. Maximum rehabilitation gain is reached when the VR&E program is able to measure substantial improvement in the veteran’s circumstances that is directly attributable to services provided by the program.

<sup>36</sup> M28R, Part IV, Section C, Chapter 5, 5.05, *Outcomes of Reemployment Plans*, March 31, 2014.

**Table 3. Los Angeles VR&E Program Veterans Rehabilitated and Discontinued**

Veterans	FY 2015	FY 2016	FY 2017	FY 2018
Rehabilitated	238	369	423	446
Discontinued	2,943	3,035	5,236	4,257
Total leaving VR&E program	3,181	3,404	5,659	4,703
Percentage rehabilitated	7%	11%	7%	9%

Source: VA's Corporate Database data provided by VR&E Service

Rehabilitation accounted for about 7 percent of veterans leaving the program in FY 2015 and approximately 9 percent in FY 2018 at the Los Angeles VR&E program. Nationally, the percentage of rehabilitated veterans leaving the VR&E program ranged from 12 percent in FY 2015 to approximately 10 percent in FY 2018.

Although the percentage of rehabilitated veterans at the Los Angeles VR&E program has been lower than the national average, 73 percent of veterans who discontinued the program in FY 2018 did so before they had an approved rehabilitation plan or received any monetary benefits such as tuition, books, supplies, or subsistence allowance payments. Table 4 illustrates that for the Los Angeles VR&E program, the percentage of rehabilitated veterans increased from approximately 19 to 25 percent from FY 2015 through FY 2018 when considering only those discontinued veterans with approved plans.

**Table 4. Los Angeles VR&E Program Veterans Rehabilitated and Discontinued with a Rehabilitation Plan**

Veterans	FY 2015	FY 2016	FY 2017	FY 2018
Rehabilitated	238	369	423	446
Discontinued with a plan	1,009	1,176	1,263	1,335
Total	1,247	1,545	1,686	1,781
Percentage rehabilitated	19%	24%	25%	25%

Source: VA's Corporate Database data provided by VR&E Service

Nationally, the percentage of rehabilitated veterans when including only those discontinued veterans with a rehabilitation plan was 29 percent for FY 2018. Although Los Angeles VR&E program rehabilitation percentages lagged the national percentages for rehabilitation, Los Angeles did show an improvement by bringing its percentages near the national average for FY 2018.

The OIG team spoke with the Los Angeles VR&E officer about how the program was able to exceed its positive outcome goals, despite VRCs having caseloads over a 125-to-1 ratio. The officer explained that he temporarily shifted the VRCs' administrative responsibilities to employment coordinators while veterans were in job-ready status to alleviate some of the VRCs'

caseload work until April 2018. These administrative responsibilities included contacting veterans, processing their employment adjustment allowance payments, and preparing the final checklist that summarized their progress.

## **Review of Los Angeles VR&E Program Files**

The OIG team examined a random sample of 30 veterans' CER folders from the Los Angeles VR&E program to determine whether they demonstrated progress in placing veterans on track toward gainful employment in their desired fields. From the sample of 30 veterans' CER folders, the team examined the rehabilitation plans and final outcomes of nine rehabilitated and 21 discontinued veterans. The team found the goals in the veterans' rehabilitation plans to be feasible based on reviewing the plans and case documentation for the sample veterans. All nine veterans who were rehabilitated obtained and maintained employment for at least 60 days within their desired fields.

There are many reasons veterans discontinue from the VR&E program. For the team's sample, the following were reasons the 21 veterans discontinued the program:

- Ten veterans were discontinued because they had stopped responding to contact attempts from the VRC.
- Five veterans discontinued the program due to medical issues.
- Two veterans decided not to continue the program.
- Two left to pursue education using a VA education benefit.
- One veteran died.
- One veteran became incarcerated.

Example 1 illustrates a rehabilitated veteran case, and Example 2 illustrates a discontinued veteran case.

### ***Example 1***

*A veteran with a serious employment handicap participated in the VR&E program from March 2016 to October 2017. The veteran and VRC established a rehabilitation plan with a vocational goal of becoming a pharmacy technician. The veteran would achieve this goal by completing a pharmacy technician certificate program. The veteran started school in the fall of 2016 and received a computer and supplies. He finished in June 2017 and was considered successfully rehabilitated in October 2017 after obtaining employment as a pharmacy technician.*

## Example 2

*A veteran with a serious employment handicap participated in the VR&E program from April 2015 to December 2017. The veteran had a rehabilitation plan goal to complete a degree in computer science and get an entry-level job in that field. The veteran started at a community college and received a computer and supplies. After two years of community college, he decided to switch to using a VA education benefit, so he discontinued the VR&E program.*

The OIG team attempted to contact eight rehabilitated and 10 discontinued veterans from the sample, but only received responses from four veterans: two rehabilitated and two discontinued. Three of the four veterans (two rehabilitated and one discontinued) were happy with the VR&E program because of their VRCs' responsiveness to them and the opportunities the program provided. One discontinued veteran stated that while he got the education he needed, he felt that support after completing his education was lacking. Based on the review of this veteran's file, the team found that although this veteran had completed all the necessary coursework, he did not apply for graduation to obtain his degree despite receiving notifications from his VRC. Not completing the educational program impacted the Los Angeles VR&E program staff's ability to assist the veteran in obtaining employment related to his rehabilitation plan goals.

Staff from the offices of Congressman Schiff and then Congressman Knight also provided the OIG team with contact information for seven veterans who had complaints regarding the Los Angeles VR&E program. The team reviewed the veterans' cases and attempted to speak to them, but only received responses from five veterans. The team spoke to these five veterans about their experiences with the Los Angeles VR&E program, the complaint process, and resolution outcome. All five veterans expressed dissatisfaction with the decisions made by the VR&E program regarding their cases, but felt congressional staff assisted them to the best of their ability. Four of the five veterans interviewed obtained a bachelor's degree while enrolled in the VR&E program. The fifth veteran was attempting to reenter the program.

The OIG team confirmed the Los Angeles VR&E program administered benefits in accordance with policy and regulations by reviewing the veterans' file case notes from the Corporate Waco Indianapolis Newark Roanoke Seattle (CWINRS) system or conducting interviews with the veterans.<sup>37</sup> Examples 3 and 4 illustrate how complaints underlying congressional requests for further examination were appropriately denied based on policy or regulation.

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<sup>37</sup> The Corporate Waco Indianapolis Newark Roanoke Seattle (CWINRS) system is the electronic case application VR&E uses to manage caseloads and program costs.

### Example 3

*A veteran was not permitted continued use of the VR&E program for a master's degree after already obtaining a bachelor's degree rendering the veteran employable in that field of study. According to the Code of Federal Regulations, services to be provided may include training the veteran to the level generally recognized as necessary for entry into employment in a suitable occupation.<sup>38</sup> Further, the VR&E program policy manual explains training will be provided in a particular degree, diploma, or certificate necessary for entry into employment in the planned vocation.<sup>39</sup> In this example, based on labor market studies, there were numerous entry-level positions available for the planned vocation at the bachelor's degree level.*

### Example 4

*A veteran was denied attendance at a private school because the veteran could obtain the same degree at a state public school. While the VRC must consider the veteran's preference for a training facility, the Code of Federal Regulations states that VA has the final responsibility for selection of the facility.<sup>40</sup> According to the VR&E program policy, if there is a discrepancy in cost, the VRC must analyze a series of questions to justify a higher-cost facility.<sup>41</sup>*

## Requests for Reimbursement for Academic Supplies

The OIG team examined a random sample of 30 veterans' CER folders from the Los Angeles VR&E program to determine whether VRCs properly processed academic supply reimbursement requests.<sup>42</sup> VRCs generally authorize the purchase of necessary supplies for veterans through school bookstores.<sup>43</sup> However, VRCs may reimburse veterans directly when a bookstore does not carry required supplies or does not accept the government purchase card.<sup>44</sup> Veterans who purchased supplies prior to enrollment in the VR&E program may also be reimbursed if they

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<sup>38</sup> 38 C.F.R. 21.72(a)(2) (2016).

<sup>39</sup> M28R, Part VI, Section A, Chapter 1, 1.03.c, *Entry into Employment*, July 2, 2014.

<sup>40</sup> 38 C.F.R. 21.294 (1997).

<sup>41</sup> M28R, Part IV, Section C, Chapter 1, 1.04.b.2, *High Cost Facility*, November 7, 2014.

<sup>42</sup> The random sample selection of veterans' folders was the result of being unable to select and review only folders for veterans with denied supply requests.

<sup>43</sup> M28R, Part V, Section A, Chapter 4, 4.05, *Methods of Providing Supplies*, November 19, 2015.

<sup>44</sup> M28R, Part V, Section A, Chapter 4, 4.05.

provide the VRCs with receipts and the course syllabus showing the supplies were required for the course.<sup>45</sup>

Ten veterans in the OIG's sample had reimbursement requests for academic supplies with a total value of about \$3,800. VRCs accurately reimbursed all 10 veterans. All necessary documentation and justification for the reimbursements were included in the CER folders.<sup>46</sup> The team did not find any veterans in the sample whose reimbursement requests for academic supplies were denied. Example 5 illustrates a veteran's supply reimbursement request.

### **Example 5**

*A veteran purchased an iPad for a class and requested reimbursement for the expense. The VRC requested the veteran provide a syllabus showing the iPad was required for the course and receipts showing purchase of the iPad. The veteran provided the syllabus showing the item was required for the course, along with the purchase receipts. As a result, the VRC processed the request, and the veteran was reimbursed the iPad expense.*

In addition, of the seven veterans referred by congressional staff due to complaints regarding the Los Angeles VR&E program, two had complaints about being denied reimbursement for academic supplies. As stated above, the OIG team confirmed the Los Angeles VR&E program administered benefits in accordance with policy and regulations, which included the denial for reimbursement of academic supplies. Example 6 illustrates a veteran's supply reimbursement request that was accurately denied.

### **Example 6**

*A veteran's request for about \$19,700 for supplies and film equipment was denied. A VRC may authorize supply requests if the item is generally owned and used by all students pursuing the course and students who do not have the item would be placed at a distinct disadvantage in completing the course.<sup>47</sup> The VR&E officer determined the equipment was being requested for a thesis project and not required of every student enrolled in the course. In addition, the VR&E officer confirmed that the school was equipped with the equipment and resources needed by the veteran to complete the project. The veteran was able to successfully complete an alternate project and graduated in 2018 with a bachelor's degree in*

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<sup>45</sup> M28R, Part V, Section A, Chapter 3, 3.05, *Payments for Services, Supplies and Training*, November 7, 2013.

<sup>46</sup> M28R, Part V, Section A, Chapter 3, 3.05.a.3, *Required Documentation*, requires a veteran to submit a written request for reimbursement prior to making the purchase, if applicable, a written justification for the purchase, and itemized receipt with proof of purchase or an itemized list of items with bank or credit card statements to substantiate cost and proof of purchase and a course syllabus documenting need, if applicable.

<sup>47</sup> M28R, Part V, Section A, Chapter 4, 4.04, *Policy*, November 19, 2015.

*film production. At the time of the OIG team’s interview, the veteran was still an active participant in the VR&E program and pursuing the self-employment rehabilitation track.*

## VR&E Program Approvals Compared to Denials

To approve a veteran for the VR&E program, a VRC must determine the eligible veteran is entitled to receive services.<sup>48</sup> The OIG team compared the number of veterans determined eligible for the Los Angeles VR&E program against the number of veterans determined not eligible and the number of veterans determined to be entitled against those determined not entitled from FY 2015 through FY 2018.

Veterans are eligible for the program for a specified period of time if they receive anything other than a dishonorable discharge from active military service and have a service-connected disability rating of at least 10 or 20 percent.<sup>49</sup> The Los Angeles VR&E program found 95 to 98 percent of those veterans who applied to the program from FY 2015 through FY 2018 were eligible. This is comparable to the percentage of veterans found eligible nationally, ranging from 96 to 97 percent. Table 5 illustrates the eligibility determinations for the Los Angeles VR&E program for FY 2015 through FY 2018.

**Table 5. Los Angeles VR&E Program Eligibility Determinations**

Veterans	FY 2015	FY 2016	FY 2017	FY 2018
Eligible	2,759	4,447	4,009	3,258
Not eligible	124	208	220	77
Total	2,883	4,655	4,229	3,335
Percent eligible	96%	96%	95%	98%

*Source: VA’s corporate database data provided by VR&E Service*

Once a veteran is determined to be eligible for the program, a VRC should then decide the entitlement based on the service-connected disability and how it impedes the veteran’s ability to obtain or sustain suitable employment.<sup>50</sup> Not all veterans who are determined eligible are determined to be entitled for rehabilitation services, and veterans may leave the program before pursuing an entitlement determination.

<sup>48</sup> M28R, Part III, Section B, Chapter 2, 2.04.b.1, *Eligibility*, September 1, 2017; and 2.04.b.2, *Entitlement*, May 29, 2018.

<sup>49</sup> M28R, Part IV, Section A, Chapter 3, 3.04, *Basic Entitlement to Vocational Rehabilitation Benefits and Services*, July 2, 2014, and 3.05, *Basic Period of Eligibility*, July 2, 2014; 38 U.S.C. §3102(a) and §3103 (2012).

<sup>50</sup> M28R, Part IV, Section A, Chapter 3, 3.04.

Table 6 illustrates the entitlement determinations for the Los Angeles VR&E program for FY 2015 through FY 2018.

**Table 6. Los Angeles VR&E Program Entitlement Determinations**

Veterans	FY 2015	FY 2016	FY 2017	FY 2018
Entitled	1,421	1,726	1,128	941
Not entitled	90	103	587	697
Total	1,511	1,829	1,715	1,638
Percent entitled	94%	94%	66%	57%

Source: VA's Corporate Database data provided by VR&E Service

The percentage of eligible veterans who applied and were determined to be entitled to participate in the VR&E program decreased significantly when comparing FY 2015 and FY 2016 to FY 2017 and FY 2018. According to the Los Angeles VR&E officer, the drop in the number of entitled veterans in FY 2017 occurred when he became the VR&E officer because he improved the VRC's compliance with entitlement requirements.<sup>51</sup> For example, the officer explained all disabilities can potentially create an employment handicap. However, the VRC must justify how the veteran's service-connected disability impedes his or her ability to obtain or sustain suitable employment.<sup>52</sup> For FY 2015 and FY 2016, the national percentages for entitlement were 74 and 71 percent, respectively. The Los Angeles VR&E program's 66 percent entitlement figure for FY 2017 matched the national number for the same year, and for FY 2018 it was similar to the national figure of 65 percent.

## Oversight of Program Costs

During this review, the OIG team identified an additional area of concern related to the lack of oversight for participants' program costs in the VR&E program, which could potentially increase the fraud, waste, and abuse of VR&E program funds. During the development of a rehabilitation plan, VRCs should estimate program costs. The requirements for review and oversight of expenditures require VR&E officers to approve plans with estimated costs exceeding \$25,000.<sup>53</sup> Although the dollar threshold approval requirements are in place, there are no automated system controls to ensure these approvals are obtained. The VR&E officers rely on VRCs to notify them

<sup>51</sup> See M28R, Part IV, Section B, Chapter 2, 2.04, *Comprehensive Initial Evaluation and Entitlement Determination Criteria*, July 2, 2014, for specific entitlement requirements.

<sup>52</sup> M28R, Part IV, Section A, Chapter 3, 3.04, *Basic Entitlement to Vocational Rehabilitation Benefits and Services*, July 2, 2014.

<sup>53</sup> M28R, Part V, Section B, Chapter 1, 1.04, *Levels of Authority for Program Costs*, November 7, 2014. The VRC can approve rehabilitation plans with an annual cost of up to \$25,000. The VR&E officer may approve rehabilitation plans with an annual cost of \$25,000 to \$75,000. The VA regional office director may approve rehabilitation plans with an annual cost of \$75,000 to \$100,000. The VR&E Service director can approve rehabilitation plans where the annual cost exceeds \$100,000.

when a rehabilitation plan requires their review and approval. In addition, according to the Los Angeles VR&E officer, there is currently no procedure in place to review or evaluate the actual program costs compared to the planned program costs, identifying plans that exceeded the VRC approval threshold.

Of the 30 veterans' CERs reviewed, two had program costs that exceeded \$25,000 in a year and were not approved by a VR&E officer. In one sample case, a VRC approved a rehabilitation plan with indicated costs of more than \$137,000 over 38 months that was not reviewed or approved by the VR&E officer as required. The Los Angeles VR&E officer agreed that he should have approved and, based on his review of the documentation, he would have approved the veteran's rehabilitation plan. The second sample case found a VRC did not indicate the rehabilitation plan would exceed \$25,000 per year at the time it was created. While this plan would not have required approval at its creation, the program costs for the veteran totaled \$26,181, exceeding the VRC's approval limit of \$25,000. However, there is no requirement for the officer to retroactively review annual program costs by veteran. Because the OIG team only identified two cases, it did not make a recommendation.

## Conclusion

The OIG team found the Los Angeles VR&E program was generally following program requirements and criteria related to the areas reviewed. The Los Angeles VR&E program had been operating above a 125-to-1 veteran-to-counselor ratio since 2016. The hiring of an additional 17 VRCs since October 2018 will allow the Los Angeles VR&E program to achieve the 125-to-1 ratio by about January 2020. The recent hiring of three employment coordinators also will alleviate additional duties for VRCs, who can then focus on their own caseloads. Because the Los Angeles VR&E program hired more VRCs and employment coordinators only recently, the OIG could not assess the impact the additional staff will have on the Los Angeles VR&E program performance or on veterans currently participating in the program.

The Los Angeles VR&E program generally demonstrated that veterans were placed on a track toward gainful employment by establishing feasible rehabilitation goals for veterans and increasing the number of veterans rehabilitated each year. Although the Los Angeles VR&E program rehabilitation percentages lagged the national percentages for rehabilitation, the program did show progressive improvement, bringing its percentages near the national level of 29 percent for FY 2018. For the sample of cases the OIG team reviewed, VRCs accurately processed veterans' reimbursement requests for academic supplies. The OIG team did not identify any veterans with denied supply reimbursements in the sample. Finally, the Los Angeles VR&E program had similar percentage outcomes compared to a national trend analysis for eligible and entitled veterans.

The OIG team identified a lack of oversight related to costs for participants in the VR&E program. This increases the potential for fraud, waste, and abuse of VR&E program funds.

However, the team found only two cases of the 30 sampled that lacked required approvals, and in those cases there was no fraud, waste, or abuse. Based on these results, the OIG made no recommendations for improvement at this time.

## **Management Comments and OIG Response**

The under secretary for benefits concurred with the OIG's findings and provided technical comments. The OIG incorporated those comments in the report where appropriate.

VBA's Office of Field Operations provided additional technical comments on August 29, 2019, which are not included in Appendix B. In the additional comments, the Office of Field Operations requested the management comments in this report be updated to reflect a report date of July 2019 for recently hired VRCs, and therefore a January 2020 date for when the Los Angeles VR&E program would begin working a full caseload. The OIG incorporated these comments in the report where appropriate.

## Appendix A: Scope and Methodology

### Scope

The OIG team conducted its work from October 2018 through August 2019. The review evaluated VR&E program data from FY 2015 through FY 2018, as well as rehabilitated and discontinued outcomes for VR&E program participants in FY 2018 who received employment assistance allowance payments, subsistence payments, or both from the Los Angeles VR&E program.

### Methodology

To accomplish the objective, the OIG team identified and reviewed applicable laws, regulations, VA policies, operating procedures, and guidelines related to the VR&E program. The team conducted a site visit and interviewed the VR&E officer, assistant VR&E officer, four VRCs, acting employment coordinator, congressional liaison, and two staff members from veterans' service organizations at the Los Angeles VR&E program in October 2018. The team also assessed seven veterans' cases provided by congressional staff and interviewed five veterans who made congressional complaints regarding the Los Angeles VR&E program.

In coordination with VA OIG statisticians, the OIG team examined a statistical sample of 30 CER folders from the universe of 672 rehabilitated and discontinued VR&E program participants who received employment assistance allowance payments, subsistence payments, or both from the Los Angeles VA regional office from October 1, 2017, through March 31, 2018. The team assessed documentation and the adherence to the VR&E program's requirements for reimbursement requests for academic supplies, rehabilitation plans, employment outcomes, and contact with VRCs. The rehabilitation plan review consisted of evaluating the plan and VRCs' case notes for feasibility of the veterans' ability to perform the occupational goals in relation to their service-connected disabilities. The team also evaluated staffing levels at the Los Angeles VR&E program compared to VRC staffing level goals.

The OIG team used VBA's electronic systems, including the CWINRS system, the VR&E program's case management system, the Veterans Benefits Management System, and VBA's electronic claims processing system, as well as hard-copy CER folders to review relevant documentation required to assess rehabilitation plans, employment outcomes, contact with VRCs, and reimbursement requests for academic supplies. The team also assessed the actual staffing levels compared to the VRC staffing allocations. The OIG team discussed the findings with VBA officials and included their comments where appropriate.

## **Fraud Assessment**

The OIG team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this review. The team exercised due diligence in staying alert to any fraud indicators by taking actions such as:

- Soliciting the OIG's Office of Investigations to determine if any of its offices are engaged in any work that could be potentially affected by this review,
- Reviewing the OIG hotline complaints and concerns for indicators, and
- Completing the fraud indicators and assessment checklist.

## **Data Reliability**

The OIG team used computer-processed VR&E program data provided by the VR&E Service on rehabilitated and discontinued veterans. From this data, OIG selected a sample of 30 veterans. To test for reliability, the OIG team determined whether any data were missing from key fields, included any calculation errors, or were outside the time frame requested. The team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Testing disclosed the data were sufficiently reliable for the review objectives. Comparison of the VR&E participation, fiscal year data, and discharge status data received for the sample with source documentation contained in the CER folders the OIG team reviewed did not disclose any problems with data reliability.

The VR&E Service also provided VR&E program data for FY 2015 through FY 2018 on eligible and entitled veterans, and rehabilitated and discontinued veterans. VBA's Office of Performance Analysis and Integrity provided program cost data for FY 2015 through FY 2018. The OIG did not independently verify the VR&E self-reported information. The OIG is reporting these numbers to present a general indication and not to support specific findings.

## **Government Standards**

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## Appendix B: Management Comments

### Department of Veterans Affairs Memorandum

Date: August 21, 2019

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report – Los Angeles Vocational Rehabilitation and Employment (VRE) Program  
Generally Met Requirements after Hiring Additional Staff (2018-04562-R4-0046)

To: Assistant Inspector General for Audits and Evaluations (52)

Attached is VBA's response to the OIG Draft Report: Review of VR&E Program at the Los Angeles VA Regional Office.

VBA appreciates the opportunity to review the draft report. VBA concurs with the findings and provides the attached comments.

Questions may be referred to Marie Gregory, Program Analyst, at 202-632-8847.

(Original Signed by)

Paul R. Lawrence, Ph.D.

Attachment

Veterans Benefits Administration  
Comments on OIG Draft Report  
Los Angeles Vocational Rehabilitation and Employment (VRE) Program  
Generally Met Requirements after Hiring Additional Staff

VBA concurs with OIG's findings and provides the following comments:

Page ii, first paragraph, line 5:

"Four more were hired in subsequent months with the final hire starting in January 2019, bringing the total to 47 VRCs."

VBA Comment: VBA recommends changing January 2019 to June 2019. The final hires, as part of the hiring initiative, did not report until June 2019.

Therefore, VBA suggests the following revision:

"Four more were hired in subsequent months with the final hire starting in June 2019, bringing the total to 47 VRCs."

Page ii, first paragraph, line 7:

"However, due to the lengthy training program required for VRCs, it will take until about September 2019 before all new hires are working a full caseload."

VBA Comment: VBA recommends changing September 2019 to December 2019. Six of the most recent VRCs, those who reported in summer 2019, have yet to complete new counselor training.

Therefore, VBA suggests the following revision:

"However, due to the lengthy training program required for VRCs, it will take until about December 2019 before all new hires are working a full caseload."

Page iii, last paragraph, line 11:

"The percentage of eligible veterans who were determined to receive entitlements decreased significantly when comparing FY 2015 and 2016 to FY2017 and 2018. According to program officials, this was due to stricter adherence to the entitlement requirements. The Los Angeles VR&E program entitlement percentage of 66 percent for FY 2017 matched the national percentage for the same year."

VBA Comment: VBA recommends changing 'stricter adherence' to 'improved compliance' to the entitlement requirements. Additionally, the draft language does not show how the high rate of entitlement decisions by LARO was out of alignment with national percentages in 2015 and 2016. Inclusion of this data would provide greater context for the reader. The renewed focus on program compliance created greater fiscal responsibility and should be considered an improvement. Leaving the draft language of 'stricter adherence' unintentionally suggests LARO does not advocate for Veterans within the parameters of VR&E programs.

Therefore, VBA suggests the following revision:

"The percentage of eligible veterans who were determined to receive entitlements decreased significantly when comparing FY 2015 and 2016 to FY2017 and 2018. According to program officials, this was due to improved compliance to the entitlement requirements. The Los Angeles VR&E program entitlement percentage of 66 percent for FY 2017 matched the national percentage for the same year."

Page 7, third paragraph, line 9:

“Because of the lengthy training program required, all the newly hired VRCs will not begin working a full caseload until September 2019.”

VBA Comment: VBA recommends changing September 2019 to December 2019. Six of the most recent VRCs, those who reported in summer 2019, have yet to complete new counselor training.

Therefore, VBA suggests the following revision:

“Because of the lengthy training program required, all the newly hired VRCs will not begin working a full caseload until December 2019.”

Page 9, paragraphs 3 and 4:

“The Los Angeles VR&E program submitted a request to VBA’s Denver Human Resource Center in December 2017 to change the employment coordinator’s position grade level classification. The Los Angeles VA regional office human resources specialist did not follow up on the status of the request until March and then again in April and May 2018. Once the human resources specialist received the grade level classification, she submitted the recruitment package.

But the recruitment package was then put on hold from June to September 2018 at the Denver Human Resources Center waiting for the approved number of allocated positions associated with the announcement from the central hiring office. According to the human resources specialist, it was determined in September 2018 by VBA’s Office of Field Operations that the number of allocated positions was not a needed component for the recruitment package. This allowed the positions to be posted. Following Office of Field Operations’ evaluation of staffing levels in October 2018, the Los Angeles VR&E program received an increased allocation from two to three employment coordinator positions. In November 2018, the Los Angeles VR&E program opened a vacancy announcement to hire the employment coordinators. The Los Angeles VR&E officer informed the OIG team that the program did subsequently hire three employment coordinators in February 2019.”

VBA Comments: Recommend keeping the focus on VR&E. OIG did not study operations at the HRC, and therefore the HRC references are out of context. Some explanation is provided by OIG but the manner in which it was presented does not provide enough context and unnecessarily diverts some focus from VR&E to HRC.

Therefore, VBA recommends replaces the above language with the following:

“The Los Angeles VA Regional Office leadership decided to effectively recruit for the Employment Coordinator position and a change to the existing position grade level classification was needed. A request to make the change was submitted to the Denver Human Resources Center in December 2017. Procedural and staffing challenges delayed posting of a vacancy until November 2018, which resulted in the hiring of three Employment Coordinators in February 2019.”

Page 18, second paragraph, line 3:

“The recent hiring of an additional 17 VRCs since October 2018 will allow the Los Angeles VR&E program to achieve the 125-to-1 ratio by September 2019.”

VBA Comment: VBA recommends changing September 2019 to December 2019. Six of the most recent VRCs, those who reported in summer 2019, have yet to complete new counselor training.

Therefore, VBA suggests the following revision:

“The recent hiring of an additional 17 VRCs since October 2018 will allow the Los Angeles VR&E program to achieve the 125-to-1 ratio by December 2019.”

*For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.*

## OIG Contact and Staff Acknowledgments

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<b>Contact</b>	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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