



DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

STATEMENT FOR THE RECORD
OFFICE OF INSPECTOR GENERAL
US DEPARTMENT OF VETERANS AFFAIRS
TO THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
US HOUSE OF REPRESENTATIVES
HEARING ON
*PATH OF PURPOSE: RESTORING THE VA VR&E PROGRAM
TO EFFECTIVELY SERVE VETERANS*
JULY 16, 2025

Chairman Van Orden, Ranking Member Pappas, and members of the Subcommittee, thank you for the opportunity to provide a statement for the record on the independent oversight conducted by the Office of Inspector General (OIG) on VA's Veteran Readiness and Employment (VR&E) program. The OIG is committed to conducting audits, reviews, and inspections that result in clear findings and practical recommendations to help VA promptly and effectively provide veterans with the benefits, quality health care, and other services they are due. To that end, the OIG works diligently to ensure every report it releases—even if focused on a single program or VA facility—serves as a road map for VA leaders nationwide and contributes to overall systems improvements. The OIG also vigorously pursues criminal investigations involving potential fraud and other crimes affecting veterans and the waste of VA funds, as well as administrative investigations of abuse of authority and misconduct related to VA's operations, programs, and services.

The VR&E program, administered by the Veterans Benefits Administration (VBA), is authorized by Chapter 31 of the United States Code (U.S.C.) and is often referred to as the Chapter 31 program. VR&E supports veterans who have disabilities connected to their military service (service-connected disabilities) that limit their ability to work.¹ The program helps veterans explore employment options and address education or training needed to support their goals.²

¹ 38 U.S.C. § 3101(2) A service-connected disability is a disability incurred during or aggravated by active military service. Specifically, the program provides job training and other related services for veterans with “an impairment resulting in substantial part from” a serviced-connected disability, of their “ability to prepare for, obtain, or retain employment consistent with [their] abilities, aptitudes, and interests”.

² VA, [Veteran Readiness and Employment \(Chapter 31\)](#), accessed June 27, 2025.

VR&E pays the cost of all tuition, books, fees, and supplies, and provides a monthly subsistence allowance during training. Unlike the Montgomery and Post-9/11 GI Bill education programs that cap tuition based on the type of school, VR&E has no cap on the amount spent per veteran, potentially making it more expensive on a per-veteran-served basis.³ During fiscal year 2024, the most recent year for which data are available, the VR&E program provided services to 267,613 veterans who received more than \$2 billion in VA-derived funds.⁴

The subjective aspects of the VR&E laws, regulations, and manual provide VBA the flexibility to meet the individual needs of veterans, yet creates risks of fraud, waste, and abuse that must be addressed. Mitigation of these risks requires strong VBA internal controls with clear policies and procedures, oversight, and monitoring. Given the billions of dollars at issue, the need for strict accountability and effective oversight are vitally important to ensure funds are being properly used for eligible beneficiaries and for the continuous improvement of the program.

Following some context on the program requirements and administration, this statement highlights two OIG reports that have identified deficiencies in internal controls and oversight challenges with related recommendations for corrective action. The first audit found VBA did not implement a law to approve and monitor veterans' use of VR&E-only programs, which may only be used when GI Bill programs are insufficient.⁵ The second report, which was released in 2024, found that VR&E participants were being improperly authorized for Veteran Employment Through Technology Education Courses (VET TEC), which provides veterans with the opportunity to pursue high-technology training, such as computer programming, outside the regular VR&E program.⁶ The statement concludes with a discussion of the OIG's investigative efforts to combat fraud in the VR&E program.

PROGRAM CRITERIA AND GOVERNANCE

For veterans to receive VR&E benefits, they must meet both eligibility and entitlement requirements.⁷ Depending on their discharge date, some veterans' eligibility extends to 12 years from the date they received notice of their first service-connected disability rating. Other requirements include that their discharge was under conditions other than dishonorable; they have an "employment handicap;" and their service-connected disability is rated at 10 percent or more.⁸

³ 38 U.S.C. §§ 3015, 3313; 38 C.F.R. § 21.430 (2025). US Department of Veterans Affairs FY 2024 Budget Submission showed the average benefits for Chapter 33 (Post-9/11 GI Bill) as \$14,588 and Chapter 31 (VR&E) as \$17,061 per veteran.

⁴ VBA, [Annual Benefits Report Fiscal Year 2024](#).

⁵ VA OIG, [Staff Did Not Limit the Use of Schools and Training Programs That Were Only Approved for the Veteran Readiness And Employment Program](#), September 14, 2023.

⁶ VA OIG, [Veteran Readiness and Employment Staff Improperly Sent Participants to Veteran Employment Through Technology Education Courses](#), March 28, 2024.

⁷ 38 U.S.C. §§ 3102-3103.

⁸ 38 U.S.C. §§ 3102-3103.

There are two scenarios under which a veteran is eligible and entitled to receive benefits through the VR&E program: In the first scenario, the veteran must have what VA terms an “employment handicap” and a service-connected disability evaluated as 20 percent disabling or greater. For the second scenario, the veteran must have a service-connected disability evaluated at 10 percent with a “serious employment handicap”.⁹ To determine whether a veteran has a “serious employment handicap,” a vocational rehabilitation counselor considers factors such as the severity of disabling conditions, a pattern of reliance on government support programs, and the existence of neuropsychiatric conditions.¹⁰

Once a veteran’s eligibility and entitlement are established, a vocational rehabilitation counselor helps the veteran identify a suitable employment goal and determines what services are necessary to achieve it. Often, this includes college, non-college-degree training, on-the-job-training, or an apprenticeship program. As the figure below illustrates, and as discussed later in this statement, the training or program facility must be previously approved by VA and have a facility code that is related to invoicing.

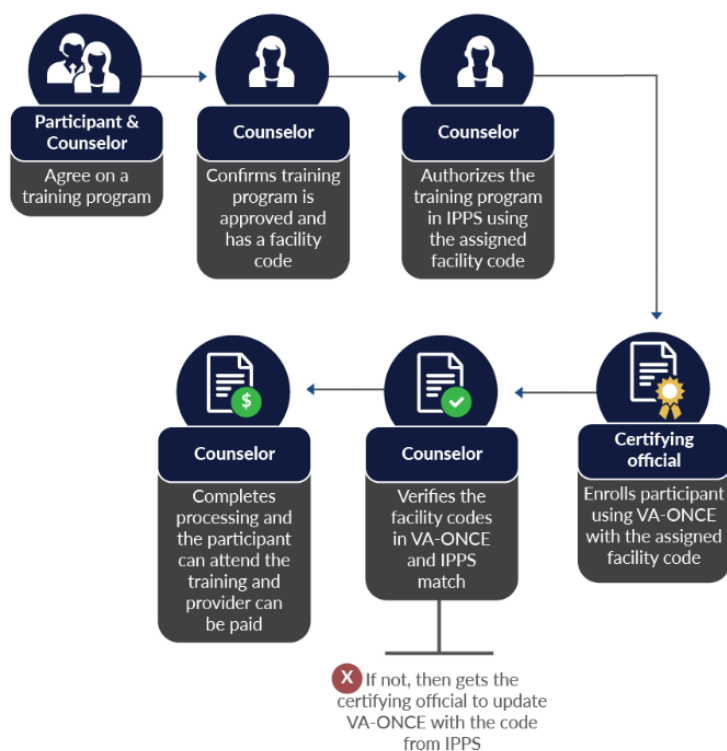


Figure. VA OIG analysis of the VR&E process that was conducted for VA OIG. Source: Veteran Readiness and Employment Staff Imperatively Sent Participants to Veteran Employment Through Technology Education Courses.

Note: IPPS stands for the Invoice Payment Processing System that allows schools and vocational programs to be paid by VR&E. VA-ONCE refers to a system used by VR&E to process living allowances for enrolled veterans.

⁹ 38 U.S.C. § 3102(a).

¹⁰ VA Manual 28C, “Evaluation Process,” chap. IV.B.1 in *Veteran Readiness and Employment Manual*, para. 1.05, updated April 7, 2023.

VR&E Organizational Structure

VR&E is governed by the program's executive director. The director is responsible for developing policy, procedures, and workload systems; supporting VR&E staff training; and providing oversight of VR&E divisions with quality assurance reviews and site surveys. The director also supports staff by serving as the chief point of contact for Congress and all federal agencies on the VR&E program.

In addition, VBA's 58 regional offices each have a VR&E division, led by a VR&E officer who implements policies and procedures, and establishes, maintains, and provides oversight.¹¹ The VR&E officer reports to the regional office director who provides general management for the VA regional office, including the VR&E division, and ensures all policy and procedure changes are properly implemented and benefits are provided in a timely manner.

Each VR&E officer manages staff generally composed of vocational rehabilitation counselors and employment coordinators, as well as technical and administrative support staff. Counselors manage cases for assigned veterans with disabilities. They determine entitlement, coordinate readiness and employment services, document progress and adjustments, authorize payments, and maintain case records. Employment coordinators assist ready-to-work veterans with service-connected disabilities by providing job development and placement services, such as skills for conducting job searches, résumé development, and interviewing.

OIG FOUND VET TEC PROGRAM AUTHORIZATIONS NEEDED TO BE IMPROVED

In September 2022, the OIG received an allegation that a training provider in the VET TEC program enrolled VR&E participants with improper authorizations.¹² The program pairs participating veterans and eligible service members with industry-leading and high-technology training providers to help participants enhance their skills or acquire new skills to enter the job market. VET TEC programs must meet less stringent approval requirements than VR&E, are not approved for use under the GI Bill, and require a waiver from the VR&E executive director for VR&E participants to use them. The allegation also stated that some VR&E counselors had worked with the training provider, while other counselors had refused to authorize payments for courses.

The OIG substantiated the allegation that VR&E staff improperly authorized 31 participants to attend the courses offered by the VET TEC training provider. The team also identified 11 additional VR&E participants attending courses at eight other VET TEC training providers that VR&E staff improperly authorized. According to law, VR&E participants must attend GI Bill–approved programs to the

¹¹ Each of the 58 VR&E regional divisions is also connected to one of VBA's regional offices. The regional offices fall under the authority of the Office of Field Operations. Field operations staff oversee operations at VBA district, regional, and field offices to ensure VBA delivers benefits and services effectively and efficiently, including for VR&E.

¹² VA OIG, *Veteran Readiness and Employment Staff Improperly Sent Participants to Veteran Employment Through Technology Education Courses*.

maximum extent possible or obtain a waiver from the executive director of VR&E.¹³ The VET TEC courses authorized for these 42 participants were not approved for the GI Bill and no waivers were obtained to allow participation.

The team found that 22 of the 31 VR&E participants improperly authorized to attend the VET TEC provider's courses mentioned in the complaint were subsequently enrolled.¹⁴ In addition, the other 11 improperly authorized participants were also enrolled in the other eight VET TEC courses. Because 33 of the 42 total VR&E participants were improperly enrolled, the OIG considered the \$387,000 spent on those courses between April 1, 2019, and December 31, 2022, as improper payments.¹⁵

The improper authorization occurred because VR&E staff were not adequately informed about the VET TEC pilot program and were generally unaware the program could not be used by VR&E participants unless a waiver was obtained from the VR&E executive director. These VR&E staff did not receive any VET TEC-specific training, leading to confusion.

VR&E controls were ineffective because they did not prevent participants from being authorized and then enrolled in unapproved courses. The team determined that this occurred in two ways: First, at the time of the OIG review, VR&E counselors were unaware that the training provider's certifying officials were required to use the VBA's enrollment system, which is the VA Online Certification of Enrollment (VA-ONCE).¹⁶ Failure to consistently check whether the system was being used allowed certifying officials to bypass the control. Instead of using VA-ONCE as required, the certifying official was allowed to email an enrollment form to the counselors. Second, VR&E counselors did not verify that the facility code used on the authorization in the Invoice Payment Processing System was the same code used by the school certifying officials on the enrollments. Because the controls were ineffective, counselors missed opportunities to determine if the VET TEC courses were approved.

To address identified weaknesses, the OIG made two recommendations to the then under secretary for benefits. First, VR&E must implement policies and controls to ensure all programs approved for use by counselors for VR&E participants meet the requirements of applicable laws and regulations. Second, appropriate VR&E staff at regional offices should be trained to verify programs are approved for use before selecting participating veterans and to verify facility codes match from authorization through enrollment. The recommendations are now closed as implemented.

¹³ 38 U.S.C. § 3104(b).

¹⁴ The remaining nine were not enrolled for various reasons, such as deciding to attend a GI Bill-approved program instead or leaving the VR&E program.

¹⁵ The number is rounded to the nearest \$1,000. An improper payment is any payment made to an ineligible recipient for an ineligible good or services. Office of Management and Budget Circular A-123, March 5, 2021.

¹⁶ US Department of Veterans Affairs VR&E School Certifying Official Handbook, updated December 4, 2019. School certifying officials are employed by schools and training facilities to certify VA student enrollment to VBA.

VBA DID NOT PROPERLY LIMIT THE USE OF VR&E-ONLY APPROVED PROGRAMS

VR&E participants typically must attend schools and training programs approved under the Montgomery and Post-9/11 GI Bills.¹⁷ Some participants have special or complex needs that cannot be met by an approved GI Bill program, so VR&E could approve non-GI Bill, or Chapter 31-only, programs for use by these participants. In December 2016, Congress amended the law that allows for the use of Chapter 31-only programs and explicitly requires that VR&E issues a veteran-specific waiver each time a participant needs to use a Chapter 31-only program.¹⁸ Given the OIG's focus on ensuring the proper expenditure of federal funds, an audit was conducted to determine whether VR&E properly approved and monitored participants' use of Chapter 31-only programs.¹⁹

The OIG found that VR&E leaders did not properly implement the law as amended because they did not understand that it required individual waivers from the executive director each time a Chapter 31-only program was selected for a participant.²⁰ The OIG identified over \$13 million in technically improper payments to Chapter 31-only programs that likely would not have received those funds if VR&E had followed the law and limited use of the Chapter 31-only programs.²¹ The team determined that the technically improper payments were questioned costs because at the time of the audit there was no documentation to support that waivers were obtained on a case-by-case basis as required by law.²²

VR&E regional office staff told the audit team that, generally, Chapter 31-only programs were not needed because alternative GI Bill–approved programs were available. Based on a review of Chapter 31-only programs attended by a sample of 52 participants between March 1, 2021, and February 28, 2022, the team confirmed that these veterans generally could have attended GI Bill–approved programs instead.

After the OIG presented its findings, VR&E issued updated guidance to staff on the use of Chapter 31-only programs.²³ According to the guidance, when vocation rehabilitation counselors develop plans,

¹⁷ 38 U.S.C. § 3104(b).

¹⁸ 38 U.S.C. § 3104(b).

¹⁹ VA OIG, *Staff Did Not Limit the Use of Schools and Training Programs That Were Only Approved for the Veteran Readiness and Employment Program*.

²⁰ 38 U.S.C. § 3104(b).

²¹ Office of Management and Budget, “Reviewing the Necessity of Statute and Regulation for Technically Improper Payments,” sec. I.A.2a in “Requirements for Payment Integrity Improvement,” app. C to OMB Circular A-123, March 5, 2021. Technically improper payments are those in which a payment was made to the correct recipient for the correct amount, but the payment process failed to adhere to all applicable statutes and regulations. Because VR&E operated under the inaccurate assumption of approving the program instead of issuing individual veteran waivers, these Chapter 31-only payments were made to correct recipient, therefore, no dollar amount needs to be recovered.

²² The Inspector General Act defines questioned costs as a finding that, at the time of the audit, the cost is not supported by adequate documentation. Inspector General Act of 1978, 5a U.S.C. § 405.

²³ VR&E released interim procedures to staff on December 14, 2022, and further updated those procedures in an email to staff on February 2, 2023.

they must use approved GI Bill programs to the maximum extent possible or obtain approval from the VR&E executive director to use a Chapter 31-only program for each participant attending the facility. In addition, VR&E started developing new procedures, such as requiring all documents be filed in a veteran's case record, improving Chapter 31-only documentation in monthly quality assurance case reviews, establishing mandatory training on the approval and use of Chapter 31-only programs, and updating the VR&E manual to eliminate the term "special and complex needs" and replace it with a requirement that counselors must make determinations on a case-by-case basis and clearly explain the need for selecting a Chapter 31-only program.

What the OIG Recommended

Still, the OIG recommended that the then under secretary for benefits ensure that VR&E personnel understand the current laws and regulations that govern Chapter 31-only programs, including training all appropriate VR&E regional office staff to complete annual compliance surveys and obtain waivers for each veteran to attend a Chapter 31-only program. VBA also was called on to review, and update if necessary, the VR&E manual's existing waiver and compliance survey requirements for Chapter 31-only programs to ensure it reflected governing law. Finally, the OIG recommended that VR&E develop processes to monitor the use of Chapter 31-only programs. The recommendations are now closed as implemented based on documentation provided by VA.

OIG CRIMINAL INVESTIGATIVE EFFORTS TO COMBAT FRAUD IN THE VR&E PROGRAM

Over the last decade, the OIG's Office of Investigations has increasingly focused investigative resources on education benefits program fraud cases, leading to the prosecution of numerous institutions and their leaders. In most of these cases, the losses have overwhelmingly come from GI Bill funds. However, prosecutions have also involved VR&E program fraud. Additionally, a small number of cases have involved institutions approved solely under the VR&E program—Chapter 31-only schools. The two criminal prosecutions involving VR&E fraud described below highlight vulnerabilities that were identified in our audit reports: a lack of internal controls and inadequate oversight.

Lack of Separation of Duties and Insufficient Oversight

In the *James King, et al.* case, James King, a VR&E counselor, was assigned numerous critical responsibilities without adequate checks and balances.²⁴ King used his position to demand and receive bribes from VR&E participating schools. He frequently carried out the following responsibilities without secondary review from within the VR&E office:

- Approving schools for VR&E participation, their enrollment requests, and their invoices for routing to the finance department

²⁴ US Department of Justice, "[Department of Veterans Affairs Official Sentenced to 11 Years in Prison for \\$2 Million Bribery Scheme Involving Program for Disabled Military Veterans](#)," February 15, 2019.

- Conducting initial site visits of prospective schools
- Approving beneficiary participation and school selection
- Purchasing supplies for VR&E beneficiaries

The VR&E program requires a high-cost memorandum and a second-level review when tuition exceeds a certain threshold. Defendants in the *James King, et al.* case circumvented this by splitting tuition across multiple invoices. This concealed the true total cost of tuition and ensured that no single invoice triggered the threshold for enhanced review. The responsibility is on the VR&E counselor to alert VR&E management when the threshold is exceeded. There are no alternative mechanisms in place to detect such violations independently.

Insufficient Reviews and Monitoring by VR&E

Under current practice, GI Bill–approved schools are not required to obtain separate approval to enroll VR&E beneficiaries. VR&E staff do not routinely conduct a review of the materials submitted by the school during the GI Bill approval and compliance processes. As a result, when schools later submit enrollment requests to VR&E, its staff make enrollment decisions based on limited information that may not align with what was approved under the GI Bill. In the *Wilbert McNair, et al. case*, this contributed to a VR&E beneficiary being approved for “Art Welding Sculpting/Fabrication” and “Fine Arts” courses that the designated school did not offer, an issue that could have been caught through a basic review of the school’s course catalog submitted to GI Bill program officials.²⁵ A detailed understanding of the services that a GI Bill–approved school represents it will provide to veterans is essential for effective oversight.

VR&E staff also have not routinely performed compliance surveys at VR&E-only schools. Additionally, while compliance surveys are conducted at many GI Bill–approved schools that enroll VR&E beneficiaries, there is no requirement to examine VR&E student files as part of those reviews. These oversight gaps limit visibility into program compliance and increase the risk that fraud will go undetected.

CONCLUSION

The OIG’s reports on the VR&E program have helped VBA address significant internal control deficiencies and monitoring challenges, as well as fraudulent activities that drain resources from the program that should be used for veterans’ employment assistance. VBA’s actions in response to the reports’ recommendations have been encouraging. An upcoming OIG report on eligibility and entitlement will present VBA with further recommendations to improve the program. The OIG will monitor VBA’s plans for implementing these recommendations and ongoing efforts to advance this important program while reducing the risk of fraud, waste, and abuse.

²⁵ US Department of Justice, Eastern District of Virginia, “[Owner of Welding School Sentenced for \\$1.4 Million GI Bill Fraud](#),” May 1, 2018.