

RESEARCH REVIEW | ISSUE 272

■ VETERAN AFFAIRS DISABILITY COMPENSATION: Likely the U.S.'s largest disability program, but what do we know about its impacts on service-disabled veterans?

AUTHORS: Philip Armour and Catria Gadwah-Meaden**SOURCE:** Journal of Policy Analysis and Management**YEAR:** 2024**PUBLICATION TYPE:** Editor-reviewed Journal Article**LINK:** <https://doi.org/10.1002/pam.22646>**KEYWORDS:** Veterans Affairs; Service-connected disability; Veteran employment; Veteran benefits

ABSTRACT:

"The last few decades have seen rapid growth in the size of the Veterans Affairs Disability Compensation (VADC) program, which provides tax-free cash benefits to veterans with disabilities connected to military service. Given this recent growth, VADC is on pace to eclipse Social Security Disability Insurance (SSDI) to become the largest U.S. disability program by expenditures. Although there are decades of causal research on the design and impacts of SSDI, there is no comparable body of evidence for VADC. In this Policy Insight, we discuss how causal evidence was produced for Social Security-administered disability programs and why there is a lack of this evidence for VADC. Chief among the explanations is a lack of VADC data access available to the broader researcher community, access that Social Security facilitates for the programs it administers. However, even with this access, the proliferation of benefits and services targeted to service-disabled veterans implies that existing earnings loss studies and causal estimates of the impact of VADC benefit receipt on any given outcome of interest likely are mismeasurements of true effects. We conclude with recommendations for restructuring approaches to research design to accurately estimate impacts of VADC benefits as well as the wide array of other programs supporting service-disabled veterans."

RESEARCH HIGHLIGHTS:

- The Veterans Affairs Disability Compensation (VADC) program is on pace to become the nation's largest disability benefits program, surpassing Social Security Disability Insurance (SSDI) in annual expenditures. Last year, the VADC paid out more than 142 million dollars to more than 6 million veterans with disabilities. The growth of the VADC program is expected to continue as the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics Act of 2022 (PACT Act) has expanded veteran disability benefits with the VA having approved more than one million claims as of June 2024.
- Unlike claims for SSDI which receive an 'all or nothing' decision, VADC benefits are approved on a scale in relation to the veteran's service-connected disability rating. The design of VADC benefits and the suite of veteran-specific benefits available to veterans, both with and without a service-connected disability, requires different research questions and methodological approaches to understanding the effectiveness of VADC program benefits.
- The authors suggest that reliable estimates of the causal impact of VADC on labor market outcomes requires estimates of the causal impact of other programs available to veterans with service-connected disabilities. Currently, there is limited evidence of the causal impact of these programs, pointing to several opportunities for practice, policy, and future research.

Implications

FOR PRACTICE

The availability of and participation in multiple different programs confounds the effect of VADC benefits. Agencies that provide benefits, programs, or services targeted at veterans with service-connected disabilities must develop a data sharing strategy that allows for benefits and earnings administrative records to be linked across agencies. Additionally, case workers, social workers, and other agency employees should remain aware of current eligibility criteria for VADC benefits as well as other veteran-specific benefits that veterans may apply for. This is especially important as eligibility to many of these benefits continues to expand, increasing access to a variety of benefits and supports.

FOR POLICY

This policy brief points to the importance of evaluating the nation's largest disability benefits program. To better understand the impacts of these programs on beneficiaries, resources must be dedicated to implementing data collection and sharing strategies as well as resources for program evaluation. Allocation of these resources can help ensure that these programs are effective and identify gaps in unmet needs of veterans with service-connected disabilities. Additionally, the authors suggest establishing a database that tracks which programs a veteran has applied to and which ones they have been accepted into in order to better understand how a service-connected disability rating impacts the range of benefits a veteran may be eligible for.

FOR FUTURE RESEARCH

Estimating the causal impact of VDAC benefits on labor market outcomes requires evidence estimating the causal impact of the other programs supporting veterans with service-connected disabilities. The authors suggest that future research should examine the short- and long-term effects of targeted programs, such as the Veterans Readiness and Employment (VR&E), on labor market outcomes for veterans with service-connected disabilities. Research focused on evaluating the causal impacts of VBA resources requires that administrative records collect more detailed information, including the other benefits and programs that veterans applied to as well as following up with veterans who did not participate. While future research must account for potentially confounding factors, the large body of SSDI research suggests that with increased data access, researchers will be able to produce reliable estimates of VDAC's impact on beneficiaries.

AUTHOR INFORMATION

Philip Armour; Ph.D.; RAND Corporation; parmour@rand.org

Catria Gadwah-Meaden; B.A.; RAND Corporation