



STATEMENT FOR THE RECORD

LEGISLATIVE PRIORITIES

SUBMITTED TO THE

**SENATE AND HOUSE COMMITTEES ON
VETERANS AFFAIRS**

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Chairmen Isakson and Poe; Ranking Members Tester and Walz and Members of the Committees on Veterans Affairs,

Veterans Education Success (VES) appreciates the opportunity to share its legislative recommendations on veterans' issues for consideration in the first session of the 115th Congress.

VES is a nonprofit 501c(3) organization focused on protecting the integrity and promise of the GI Bill and other federal educational programs for veterans and service members; and, supporting student-veterans who have lost GI Bill entitlement through no fault of their own either because they were defrauded or their school closed.

VES respectfully recommends the Committees give consideration to the following legislative priorities, which we believe support the nation's veterans using GI Bill benefits to successfully transition from the military to productive civilian careers.

REINSTATE GI BILL ENTITLEMENT TO VETERANS WHOSE SCHOOLS CLOSED OR WHO WERE DEFRAUDED BY THEIR SCHOOL

Thousands of student veterans who were enrolled in ITT and Corinthian colleges, now closed, have lost vital GI Bill benefits through no fault of their own.

VES has been in contact with nearly 1,000 of these veterans and is advising them on actions they may be able to take regarding their benefits.

Veterans regularly describe to VES various false statements that their school made in order to persuade them to enroll. For example, many veterans describe how their school inflated its job placement rates or the efforts it puts into finding students jobs. Many also report that their school misled them about the accreditation status of its programs or whether its credits transfer to other schools. Many veterans describe how their school promised them that the GI Bill would cover their entire education, only to be told later that they would need to take out loans in order to complete their education. Some even describe learning that officials at their school falsified federal aid applications by forging their names on loan applications.

One veteran told us that his school said it had a 93% job placement rating, and promised that he would have access to a nationwide network of employers. That veteran told us, "It wasn't until near the end of my schooling that I began to realize that a lot of the training I was getting was outdated, in some instances by a few years, and that I had a long way to go until I was up to par with the industry standards. I also found out that . . . my program had a success rate of only 38%. I have student loans that I am going to be paying off for years and really I have nothing to show for it."

Another veteran, Travis, attended ITT Tech. Travis asks, "Why was I getting outdated material? Why were instructors not even competent in what they teach? How could I know more about

the subject than my own instructor? This was MADNESS!” He goes on, “What more can we do about this because at the end of the day the veterans are the ones taking the biggest hit! Lost GI Bill that we can't recoup, lost time away from family and friends and nothing to show for it! What about my time going to this school, sleepless nights studying for exams and finals, driving to school, driving home from school? As Veterans, the Education system has to do more for us! They should give us our time back towards our GI Bill that was used. Maybe in the future they will look more into these schools so this type of thing never happens again!”

Those veterans are just a few examples of thousands who served their country, chose to use the educational benefits they earned in the military in order to transition into civilian life, yet later discovered that their school defrauded them, provided a subpar education, and in some cases could not even keep its doors open. Along with wasting their GI Bill benefits, many of these veterans are now saddled with overwhelming student loan debt. As Travis told us, “It’s affecting me as well as other veterans. Sometimes just dwelling on it brings me to tears because, in reality, at the end of the day, you honestly feel like a failure. You try so hard to get your education in order and then this happens.”

VES is encouraged that there are two legislative remedies bringing relief to student veterans from ITT and Corinthian colleges, now closed. Representative Luke Messer’s (R-IN) “Protecting Our Veterans From School Closures Act” (H.R. 1216) would authorize recovery of GI Bill benefits as a result of a permanent school closure where a veteran is forced to discontinue a course or did not receive credit, or lost training time, toward completion of an education program.

The bill applies to courses and programs of education discontinued after August 1, 2016. Importantly, veterans would enjoy these protections in the event other schools were to be closed in the future.

Rep. Takano (D-CA) is planning to re-introduce the “Veterans Education Relief & Restoration Act” from the last session of Congress. The proposed bill would restore up to four weeks GI Bill entitlement and a housing stipend under specific criteria in cases where a school closed permanently and the veteran did not receive credit or lost training time towards a program of study. The effective date would be the beginning of fiscal year 2015.

VES supports both measures. We recommend the Committees adopt desirable features in both bills in the best interest of veterans who were enrolled in now-closed schools.

VES also recommends Congress consider relief for veterans who, through no fault of their own, were defrauded out of their GI Bill by unscrupulous college salesmen at predatory colleges who promised them an education the school did not offer.

PROTECT VETERANS FROM FUTURE SCHOOL CLOSURES

VES urges Congress to consider that veterans should have the same rights as non-veteran students, who currently are eligible to get their Pell Grants reinstated and their loans forgiven when a school closes, and are also eligible for loan forgiveness if they are defrauded.

We suggest the Committees consider two methods of raising funds to cover GI Bill reinstatement for future school closures.

- First, Congress could establish a “Letter of Credit” authority in Title 38. The Department of Veterans Affairs (VA) would be authorized to require *Letters of Credit* for Institutions of Higher Learning (IHLs) that receive GI Bill benefits. The Department of Education (ED) requires schools to post *Letters of Credit* to cover potential costs if a school is financially unstable. Under this proposal, VA would be triggered to mirror ED. If ED required a 10 percent letter of credit based on a school’s annual Title IV revenue, VA would require a letter of credit for the same percentage amount of a school’s annual GI Bill revenue.

The financial resources would then be available for restitution of lost GI Bill benefits if the school closes or defrauds a veteran.

- Second, Congress could create a VA GI Bill Student Reinstatement Fund. 21 States have Student Guaranty Funds/Tuition Recovery Funds that reimburse students their tuition if a school closes or defrauds students. Like unemployment insurance, all schools – or, in some states, a subset – pay in, creating money for reinstatement. VA could likewise create an insurance fund by having participating schools – or a subset – pay in to cover GI Bill reinstatement for future veterans whose schools close.

DIRECT THE VA TO IMPLEMENT AGREED ACTIONS ON OVERPAYMENTS

The Government Accountability Office (GAO) reported \$416M in GI Bill overpayments in FY 2014, affecting 1 out of 4 veterans at 6000 schools. ([GAO report 16-42](#)). In the last session, Congress enacted one of the report’s legislative recommendations granting VA explicit authority to require training for school officials.

For its part, the VA agreed to implement all eight of the GAO’s recommendations to improve oversight and procedures that could lessen the impact on veterans, especially when they withdraw from a course or program of study.

At this point, however, the VA has not to our knowledge implemented any of the GAO’s recommendation.

We note, for example, that the VA agreed to implement the same monthly verification of enrollment for Post-9/11 GI Bill recipients it uses for Montgomery GI Bill (MGIB) recipients, but it has not yet done so.

Another common sense GAO recommendation VA agreed to is not to charge entitlement for an entire period of enrollment when a veteran withdraws but instead to prorate tuition overpayments based on the actual date of the student's enrollment change. (Similarly, ED pro-rates the return of federal funds through the first 60% of the semester/ term.) VA also agreed to provide better notification to veterans and schools and to provide guidance to schools about waiting to certify tuition until after add/drop period.

VES strongly recommends the Committees conduct oversight hearings on GI Bill overpayments to ensure the VA implements all eight GAO recommendations it agreed to and to determine if what additional measures may be needed to reduce unnecessary GI Bill overpayments to the maximum extent possible.

In addition, VES recommends a change to Title 38 to authorize recoupment from participating schools, not veterans, similar to ED's approach to Title IV funds.

OVERSEE VA'S IMPLEMENTATION OF SECTION 3696, 38 UNITED STATES CODE

Section 3696 requires the Secretary of Veterans Affairs to withhold approval of enrollment of eligible veterans or other eligible persons under the GI Bill "by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation."

A comprehensive analysis of the statute in 2016 by Yale Law School concluded in a Report that the VA has sufficient authority to implement the statute and has an obligation to do so. A 2016 letter to the VA Secretary from 23 veterans and military service organization leaders called on VA to quickly take action to implement the law and protect veterans. During his confirmation hearing, the new VA Secretary agreed to speedy implementation of the statute and to undertake tangible steps to protect student veterans from deceptive and misleading college recruiters.

VES urges the Committees to engage in oversight of VA to ensure defrauded and deceived veterans are protected as required by federal statute.

VES has provided free legal services to nearly 4,000 veterans who allege they were deceived or defrauded by unscrupulous colleges about key facts, including accreditations and degrees available, graduates' job prospects and their eligibility for certain jobs, the quality of education, and the actual tuition. Many veterans were even signed up for loans without their knowledge or permission, after being promised the GI Bill would cover the full tuition.

ENSURE IMPLEMENTATION OF THE CAREER READY STUDENT VETERANS ACT

In the Veterans First Act omnibus legislation signed at the end of 2016, Congress included the "Career Ready Student Veterans Act," which directs VA to ensure that GI Bill is not approved for education programs that leave graduates ineligible to work in licensed occupations, due to

inadequate educational quality or accreditation. We urge Congress to ensure the implementation of this and other provisions of the Vets First Act.

AUTHORIZE GI BILL ENTITLEMENT FOR CERTAIN NATIONAL GUARD-RESERVE CALL-UPS INCLUDING MEDICAL HOLDS

Recognizing the enormous value of Guard and Reserve (G-R) capabilities to the national security, Congress in 2012 established authority for the Secretary of Defense and Service Secretaries to more easily access the Reserve forces. In addition to call-ups in law for “national emergencies” and “contingency operations,” the Pentagon may call Guard and Reserve formations to active duty for missions that are “pre-planned and budgeted,” i.e., such missions do not require formal action by Congress or the Commander in Chief.

VES assumes the exclusion of veterans benefits for the G-R mobilized under Section 12304b was an oversight in the fog of enacting new deployment authorities and not an intentional slight against them in the legislative process. In either event it warrants immediate correction and production of any required PAYFOR to fund the correction

Since enactment of the law-change, the Services have substantially increased their reliance on pre-planned and budgeted call-ups of the Guard and Reserve.

The Committees recognized the problem and included a change in the near-final version of the Veterans First Act in the last session of Congress. But lack of agreement over funding it resulted in removal of the provision in the final version of the Act.

VES recommends the Committees favorably report legislation to permit GI Bill entitlement for Guard and Reserve members activated under Section 12304b, 10 USC.

In addition, VES recommends the Committees authorize Guard and Reserve members under “medical hold” orders to earn GI Bill entitlement under such orders while being cared for or recuperating from injuries, wounds or illness incurred on active duty. Active duty counterparts in medical hold continue to earn GI Bill entitlement and it is grossly unfair that reservists are excluded from this essential re-adjustment benefit having suffered in defense of their nation.

SUNSET THE MONTGOMERY GI BILL

The *Military Compensation and Retirement Modernization Commission* (2015) included two recommendations on GI Bill programs: "Montgomery GI Bill – Active Duty (Chap. 30, 38 U.S.C) should be sunset on 1 October 2015. The Reserve Educational Assistance Program (REAP) (Chap. 1607, 10 U.S.C.) should be sunset restricting any further enrollment and allowing those currently pursuing an education program with REAP to complete their studies. Service members who switch to the Post-9/11 GI Bill should receive a full or partial refund of the \$1,200 they paid to become eligible for MGIB benefits. The refund should be proportional to the amount of the Post-9/11 GI Bill benefit used." The MCRMC based the recommendation on its finding to

“safeguard education benefits for Service members by reducing redundancy and ensuring fiscal sustainability of education programs.”

DoD endorsed the MCRMC’s recommendation to sunset the MGIB and REAP in its initial response to Congress on the Commission’s Report.

Subsequently, Congress repealed REAP but left the MGIB in place because of the mandatory funding offset that is required to terminate that program.

VES notes that usage of the MGIB continues to decline in favor of the Post 9/11 GI Bill (Chap. 33, 38 USC). In 2011, there were 180,000 recipients of MGIB benefits; in 2015 there were 61,000 recipients, a two-thirds decline.

Informally, DoD officials have indicated that the co-existence of duplicative GI Bill benefit programs is costly to administer, inefficient from a Service recruitment and marketing perspective, and confusing to new entrants to military service.

The purposes of the MGIB set out in statute include support for recruitment, retention and readjustment outcomes (Section 3001, 38 USC). The Post 9/11 GI Bill’s purposes are similar. Statute requires the Secretary [of Defense] to submit an annual report indicating the extent to which “benefit levels provided under this chapter [Chap. 33, 38 USC] are adequate to achieve the purposes of inducing individuals to enter and remain in the Armed Forces. . .” (Section 3325, 38 USC).

Similarly, the transfer provision of the Post 9/11 GI Bill is intended to induce service members to agree to serve an additional period of service in exchange for the right to transfer new GI Bill entitlement to spouses and dependent children. The Department currently requires a minimum of 6 years of service and an agreement to serve an additional 4 years of service to acquire new GI Bill’s transfer rights.

VES agrees with DoD’s support for sunseting the MGIB-Active Duty and recommends a practical, cost-effective path to reduce reliance on the MGIB with the goal of phasing it out.

VES recommends the Committees work with the Armed Services Committees to require the DoD to report on options for terminating the MGIB in a cost-effective, expeditious manner. For example, to further reduce MGIB enrollments, would DoD support changing the MGIB “opt out” provision to an “opt in” election for new recruits?

PROTECT VETERANS FROM LOANS THEY DON’T WANT

Many veterans report they have student loans they never asked for or authorized. VA should require schools to accept a VA-issued *Certificate of Eligibility* as a promise to pay. Like ED, VA should prohibit schools from assessing late fees, denying access to classes or facilities, or forcing students to borrow additional funds if federal funds are slow to arrive. For example, VA

should prohibit schools from originating federal student loans to “bridge” GI Bill payment delays.

VA should also require schools to clearly alert veterans and service members to any loan documents and to obtain the veteran’s personal signature, in order to combat forgery of electronic signatures, which some whistleblowers at predatory colleges tell VES is illegally undertaken by unscrupulous college admissions officers because the schools want to hide that tuition is higher than the GI Bill.

INCREASE FUNDING FOR STATE APPROVING AGENCIES

State Approving Agencies (SAAs) act as VA’s agents in each state to approve or disapprove programs for the GI Bill and check on compliance with statutory requirements. SAA programs have been underfunded at \$19 million annually for more than 10 years despite the surge in Post-9/11 *GI Bill*. PL 114-315 (Jeff Miller and Richard Blumenthal Veterans Health Care and Benefits Improvement Act of 2016) requires more of SAAs but did not include additional funding. VES recommends the Committees authorize supplemental discretionary funding for SAAs to meet the substantial increase in their program review responsibilities.

Veterans Education Success is grateful for the commitment of the Members of the Veterans Affairs Committees in supporting our nation’s veterans and we look forward to the enactment of the priorities set out above, which we believe are in their best interests.