

**Reserve Officers Association of the United States**  
**and**  
**Reserve Enlisted Association**  
**for the**  
**House Veterans' Affairs Committee**  
**Subcommittee on Economic Opportunity (EO)**  
**The Value of Education for Veterans**  
**Public, Private and For-Profit Colleges and Universities."**

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*"Serving Citizen Warriors through Advocacy and Education since 1922."™*



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The **Reserve Officers Association of the United States** (ROA) is a professional association of commissioned and warrant officers of our nation's seven uniformed services and their spouses. ROA was founded in 1922 during the drawdown years following the end of World War I. It was formed as a permanent institution dedicated to National Defense, with a goal to teach America about the dangers of unpreparedness. When chartered by Congress in 1950, the act established the objective of ROA to: "...support and promote the development and execution of a military policy for the United States that will provide adequate National Security."

The Association's 57,000 members include Reserve and Guard Soldiers, Sailors, Marines, Airmen, and Coast Guardsmen who frequently serve on Active Duty to meet critical needs of the uniformed services and their families. ROA's membership also includes commissioned officers from the U.S. Public Health Service and the National Oceanic and Atmospheric Administration who often are first responders during national disasters and help prepare for homeland security.

ROA is a member of The Military Coalition where it co-chairs the Guard and Reserve Committee. ROA is also a member of the National Military/Veterans Alliance and the Associations for America's Defense. Overall, ROA works with 75 military, veterans, and family support organizations.

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The **Reserve Enlisted Association** is an advocate for the enlisted men and women of the United States Military Reserve Components in support of National Security and Homeland Defense, with emphasis on the readiness, training, and quality of life issues affecting their welfare and that of their families and survivors. REA is the only joint Reserve association representing enlisted reservists – all ranks from all five branches of the military.

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DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Reserve Officers and Reserve Enlisted Associations are member-supported organizations. Neither ROA nor REA have received grants, sub-grants, contracts, or subcontracts from the federal government in the past three years. All other activities and services of the associations are accomplished free of any direct federal funding.

## EXECUTIVE SUMMARY

Recommended Improvements to education supported by ROA and REA follow:

### *Education:*

- Safeguard and implement a long term plan for sustaining the Post 9/11 GI Bill.
  - Ensure transferability benefits are protected.
  - Guarantee that any future changes to the program that could have negative effects on benefits will grandfather in current beneficiaries.
- Although Veteran Affairs call centers have been established, there is still a need to properly train and staff to adequately counsel student veterans.
- Align the VA's work-study program for students to work as guidance officers at their institutions to aid other student veterans, to be matched up with institution's academic calendar.
- Exempt earned benefit from GI Bill from being considered income in need based aid calculations
- Increase MGIB-Selected Reserve (MGIB-SR) to 47 percent of MGIB-Active.
- Move Montgomery GI bill for the Selected Reserve under Veteran Affairs jurisdiction.

## THE VALUE OF EDUCATION FOR VETERANS

On behalf of our members, the Reserve Officers and the Reserve Enlisted Associations thank the committee for the opportunity to submit testimony on veteran and National Guard and Reserve education issues. ROA and REA applaud the ongoing efforts by Congress and this committee to address education challenges faced by so many veterans and serving members.

Between August 2009 and August 2012, the Post 9/11 GI Bill cost \$22.4 billion and educated 833,990 veterans, serving members and dependents at a cost of \$26,858 per student. Is that a worthwhile investment? The Reserve Officers Association (ROA) and the Reserve Enlisted Association (REA) say it is.

Education improves a veteran's chance for employment, and many returning combat veterans seek a change in the life paths. While Army National Guard unemployment numbers are high, many returning veterans don't want to go back to the type of work that they did prior to deployment. Newly acquired skills and combat experiences can change career ambitions. The Post-9/11 GI Bill provides an opportunity for veterans to seek new employment paths.

In 1988, the Joint Economic Committee's Subcommittee on Education and Health released a study titled 'A Cost-Benefit Analysis of Government Investment in Post-Secondary Education Under the World War II GI Bill' which calculated the ratio of return on investment to be nearly seven-to-one. Every dollar the nation spent educating veterans of WWII returned \$6.90 in additional national economic output and federal tax revenue. It took over 30 years to capture this statistic, and similarly,

it will be decades before the full economic benefit of today's GI Bill will be known. However, we can reasonably expect it to be just as immense.

Nearly eight million veterans of the 16 million that served took advantage of the original GI Bill. Veterans made up 49 percent of U.S. college enrollment in 1947. The WWII GI Bill proved to be largely self-funding. Much of the cost of providing the original legislation's sweeping benefits were financed by income tax pouring back into federal coffers from the multitude of newly educated veterans joining the expanding workforce.

While many economists feared a return of the Great Depression following the war with an influx of returning warriors as war industry was downsizing, the 1950s proved to be a period of economic growth and broad prosperity that is rivaled by few other times in America's history. The very face of the United States changed as this newly educated population expanded outside the urban centers, creating suburban neighborhoods.

A study published by authors Joshua D. Angrist and Stacey H. Chen in the *American Economic Journal* on the GI Bill effects on Vietnam-era Conscripts show that it "increased schooling with effects of a magnitude similar to those reported in studies of the WWII and Korean-era GI Bills... The estimated economic returns to the Vietnam-era GI Bill schooling increment are about 7 percent" in earnings. They found "a large veteran effect on public-sector employment."

It is still too early to accurately measure the full extent of the benefits the country will realize from our newest generation of veterans' use of the GI Bill in pursuit of higher education and job training. Undoubtedly, those benefits will mirror the vast returns of the original post-WWII GI Bill.

Many of the benefits of the GI Bill can be identified, even if not yet quantitatively measured. These benefits fall into two categories: benefits to our Armed Services in recruiting young men and women interested in both service and education, and benefits to our nation as a whole in preparing young people to better contribute to a society they have already demonstrated a commitment to serve.

First, educational incentives are key to recruiting the type of individuals which make our military strong. Every Soldier, Sailor, Airman, and Marine (whether Active, Reserve, or Guard) plays a crucial role in our military's ability to defend this country and our national interests. The quality of every individual service member will only increase in impact as our military reduces its numbers while still facing a complex national security environment. It is vital for our military to be able to attract the high talent individuals that are capable of carrying such a heavy responsibility – the GI Bill attracts that quality of recruit.

Second, the GI Bill helps veterans transition to civilian life by enabling them to gain the education and training required to compete in the civilian job market. Many veterans would not otherwise be able to afford this education due to the prohibitive costs of tuition; thus GI Bill benefits not only

prevent our returning veterans from being a burden on society, but enable them to contribute and even lead the next generation of American workers.

For those unassisted veterans who experience personal hardship and/or unemployment, one of the greatest contributory factors to their situation is the sense of lacking purpose or direction that was all-encompassing in the military. Providing veterans with the resources they need to pursue personal and professional self-improvement through education and job training helps them replace a lost sense of purpose and builds a resilience required to overcome their personal challenges. It helps them direct their talents and energy toward the laudable goal of preparing themselves for civilian employment and continuing to be productive members of society.

According to the Department of Labor, unemployment rate of workers with a bachelor's degree is 3.9% versus 7.5% for the overall workforce in April 2013. Providing access to these high-tech and advanced training skills will be a crucial element of America's future economic viability.

Over this decade, employment in jobs requiring education beyond a high school diploma will grow more rapidly than employment in jobs that do not; of the 30 fastest growing occupations, more than half require postsecondary education, reports the White House. With the average earnings of college graduates at a level that is twice as high as that of workers with only a high school diploma, higher education is now the clearest pathway into the middle class.

America's ability to maintain its economic preeminence in the 21<sup>st</sup> century will depend on its capacity to produce an educated and skilled workforce and the demand for college educated workers will continue to grow as America transitions to a knowledge-based economy. Higher education will help fill the many job vacancies in the rapidly growing information technology and business process management industries.

## **BACKGROUND ON GOVERNMENT OVERSIGHT**

Many for-profit colleges and universities endeavored to enroll as many federal students as possible, often targeting veterans, Active and Reserve serving members, and their families as their primary student core. Some were not accredited, others misrepresented programs during recruitment, and still others misstated financial costs. Post 9/11 and Montgomery GI Bill dollars were being squandered without providing the needed education to the beneficiaries.

### **The solutions:**

**Public Law (PL) 112-249 (H.R.4057), the Improving Transparency of Education Opportunities for Veterans Act of 2012**, was enacted January 10, 2013. It directed the Secretary of Veteran Affairs to develop a comprehensive policy to improve outreach and achieve transparency of higher education for veterans and members of the Active and Reserve Armed Forces.

It required a centralized mechanism for tracking and publishing feedback from students and State Approving Agencies regarding the quality of instruction, recruiting practices, and post-graduation employment placement, and permitted feedback from military students to address concerns and issues.

*Centralized complaint system* – The law required “the Secretaries of Defense and Veterans Affairs, in consultation with the Secretary of Education and the Director of the Consumer Finance Protection Bureau (CFPB), as well as with the Attorney General to create a centralized complaint system for students receiving Federal military aid and Veterans’ educational benefits to register complaints that can be tracked and responded to by the Department of Defense (DoD), VA, Justice (DOJ), ED, CFPB, and other relevant agencies.”

Complaints will be stored in the Federal Trade Commission’s Consumer Sentinel Network database. A pilot of the system was targeted to be implemented by Spring of 2013.

DoD’s Voluntary Education Management Information System that registers student complaints about schools taking tuition assistance is also still being worked on. In addition to complaints, it includes gathering, collating, and verifying participation and cost data from the Services. Hopefully complaint information will be shared with the centralized complaint system.

Concern: While the complaints system will receive school complaints/concerns from all agencies, process the complaints, and refer matters for civil or criminal enforcement, it is hoped by ROA and REA that the database can be publicized to provide consumer information to the military student, and expand institutional transparency.

**Executive Order 13607** was signed on April 27, 2012 and called for accountability from educational institutions and vendors concerning recruitment and enrollment of veterans, military personnel, and their families. Institutions that agree with EO 13607 provide a benchmark toward education excellence.

The Executive Order addresses a number of concerns that were shared by ROA and REA in earlier Capitol Hill meetings. Its *Principles of Excellence* included:

- Providing students personalized information regarding the total cost of the program
- Providing educational plans for all military and veteran education beneficiaries
- Ending fraudulent and aggressive recruiting techniques and misrepresentation
- Accommodating service members and reservists absent due to service requirements, outlining readmission expectations, and tuition refunds.
- Designating a point of contact for academic and financial advising
- Verifying accreditation of all new programs prior to enrolling students

*The Financial Aid Shopping sheet* was created that lists disclosure fees and financial eligibility. It is a consumer tool that is designed to simplify information that prospective students receive about costs and financial aid so that they can make informed decisions about which postsecondary institution to attend. While not mandatory, it gives a recruiting advantage to schools that use it. The end result is a simplified model financial aid award letter that clearly lists cost of attendance, and separates grants from federal loans and work-study.

**Registering the term “GI Bill”** as a trademark ensures that all potential military students won’t be misled by questionable marketing practices.

## **EVALUATING THE POST 9/11 GI BILL**

### **Measuring Success using the Graduation Rate**

By January 2013, more than \$23 billion had been spent to educate and train our returning veterans - a significant investment. An accounting of those funds to determine what the taxpayer receives for that money is appropriate and necessary. To this end, ROA and REA applaud the combined effort of the Student Veterans Association, the Department of the Veterans Affairs, and the National Student Clearinghouse to collect graduation rates of GI Bill beneficiaries.

Currently, a success is measured when a student completes a degree, and does so within a prescribed number of years after entering an academically designed program. Not all students follow that path, thus graduation rates should not be the only measure of success.

Returning veterans are often non-traditional students. Measures should be developed for non-traditional student performances as well. Before graduation the non-traditional student may leave and be re-admitted to a school several times, affected by priorities from current employment and family. Attrition numbers can appear higher if an individual is not tracked. The University Professional and Continuing Education Association found that 43 percent of institutions don’t have systems to track the retention of a non-traditional student through graduation.

### **Alternative Approaches to Higher Education**

The original GI bill changed higher education. The GI Bill fueled a major expansion of the nation's higher education system and made college a cornerstone of middle-class American life.

Yet, after World War II, 7.8 million veterans trained at colleges, trade schools and in business and agriculture training programs. Overall, 2.2 million attended college and 5.6 million opted for vocational training.

Those who went to agricultural colleges learned more about the new technologies in farming and improved crop output. Other GI's learned about electricity and helped install rural electric lines. The program made business owners out of young men who just a few years earlier were mere boys.

A four-year college program isn't necessarily the path for all veterans. In addition to higher education, veteran students participated in on the job training programs, apprenticeships, flight schools, non-college degrees and correspondence training. Many want to learn the job skills and avoid the electives. Many veterans question college requirements that seem to be irrelevant to work.

Alternative institutions provide a pathway that often permits an accelerated education, permitting veteran students the opportunity to focus on a specialty area. As long as these schools are accredited and meet the Executive Order 13607, they should be considered for Post 9/11 GI Bill.

### VA Education Beneficiaries

<b>Number of Participants Trained and Amount Paid per FY by Education Program</b>					
<b>Educ. Program</b>	<b>2011 Count</b>	<b>\$ Paid</b>	<b>2012 Count</b>	<b>\$ Paid</b>	<b>\$Average/student</b>
Post 9/11	555.33	\$7.66	616.49	\$7.53	\$13.79/\$12.21
MGIB-AD	185.22	\$1.39	114.14	\$.881	\$7.48/\$7.72
MGIB-SR	65.22	\$.201	56.34	\$.149	\$3.09/\$2.65
REAP*	27.3	\$.095	18.48	\$.072	\$3.49/\$3.95
DEA	90.66	\$.462	78.83	\$.408	\$5.11/\$5.18
Total	923.84	\$9.80	884.32	\$9.038	
	in thousands	in billions	in thousands	in billions	in thousands

Source: Veterans Benefits Administration briefing, November 2012, FY 2012 numbers are for the first 10 months.

\* REAP is for mobilized Reservists that have were enrolled in MGIB-SR before deployment. REAP is an option to increase MGIB benefits upon their return home.

### MONTGOMERY GI BILL

The Montgomery GI Bill for Selected Reserve should be updated to provide better education support. It pales in comparison to the Post 9/11 GI Bill. The monthly education stipend of \$356 for MGIB for Selected Reserve is just 11.5 percent of the monthly tuition and allowance that can be as high as \$3156 for the GI Bill. As one Reserve Component member shared, the monthly stipend barely pays for gas and parking. The MGIB-SR monthly stipend should be increased to at least 47 percent of the MGIB for Active Duty as was originally intended by Congress.

To assist in recruiting efforts for the Marine Corps Reserve and the other uniformed services, ROA and REA urge Congress to reduce the obligation period to qualify for Montgomery "GI" Bill- Selected Reserve (MGIB-SR) (Section 1606) from six years in the Selected Reserve to four years in the Selected Reserve plus four years in the Individual Ready Reserve, thereby remaining a

mobilization asset for eight years. Jurisdiction should be moved under the Veteran Affairs committees.

Because of funding constraints, no Reserve Component member will be guaranteed a full career without some period in a non-pay status. BRAC realignments are also restructuring the RC force and reducing available paid billets. Whether attached to a volunteer unit or as an individual mobilization augmentee, this status represents periods of drilling without pay. Currently one loses eligibility when they leave the Selected Reserve.

MGIB-SR eligibility should extend to at least 10 years beyond any separation or transfer from a paid billet. Current law permits 14 years eligibility if a unit is disbanded between October 1, 2007 through September 30, 2014.

Montgomery GI Bill for Selected Reserve is currently the orphan child of education with the House and Senate Armed Services committees retaining jurisdiction. The Pentagon continues to testify that MGIB-SR is meeting their retention needs, while fewer Reserve Component members are using the benefit.

<b>CONCLUSION:</b>
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The cost of education is easily measurable, but the value of it is less so. Money invested in the GI Bill is an investment in America's future, and will be returned many times over. From it, the country will gain a stronger national security, a more robust economy, and a brighter future of all Americans.

These veteran students are the men and women that answered our Nation's call once, and will do so again, whether in uniform or out. It is from this group of action oriented, public service minded individuals that many of our future leaders will emerge.

We must ensure they have the tools they will need to do so effectively, just as the original GI Bill provided a start for three presidents, three Supreme Court justices, and hundreds of Senators and House Representatives. The education also led to fourteen future Nobel laureates and two dozen Pulitzer Prize winners, 238,000 teachers, 91,000 scientists, and 67,000 doctors.

ROA and REA appreciate the opportunity to submit testimony. ROA and REA look forward to working with the House Veterans' Affairs subcommittee on Economic Opportunity, so that we can present solutions to these and other issues, and offer our support. If you have any questions, please contact us for clarification.