

**H.R. 815; H.R. 3018; H.R. 3634; H.R. 3949; H.R. 3965; A Draft Bill Entitled, “To Amend Title 38, United States Code, To Eliminate The Applicability Of Certain Provisions Of The Administrative Procedure Act To Housing And Business Loan Programs Of The Department Of Veterans Affairs”; And A Draft Bill Entitled, “To Amend Title 38, United States Code, To Make Certain Improvements To The Use Of Educational Assistance Provided By The Department Of Veterans Affairs For Flight Training Programs”**

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**HEARING**  
BEFORE THE  
**SUBCOMMITTEE ON ECONOMIC  
OPPORTUNITY**  
OF THE  
**COMMITTEE ON VETERANS’ AFFAIRS**  
**U.S. HOUSE OF REPRESENTATIVES**  
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**Wednesday, October 11, 2017**

COMMITTEE ON VETERANS’ AFFAIRS,  
U. S. HOUSE OF REPRESENTATIVES,  
*Washington, D.C.*

The Subcommittee met, pursuant to notice, at 2:01 p.m., in Room 334, Cannon House Office Building, Hon. Jodey Arrington, [Chairman of the Subcommittee] presiding.

Present: Representatives Arrington, Wenstrup, Rutherford, Banks, O’Rourke, Takano, Correa

**STATEMENT OF JODEY ARRINGTON, CHAIRMAN**

Mr. ARRINGTON. Good afternoon, everyone. The Subcommittee will come to order. I know we have and anticipate a few more witnesses, but we will go ahead and get started.

I want to thank you all for joining us here today to discuss seven pieces of legislation pending before the Subcommittee with the intentions of benefitting the lives of our servicemembers, veterans and families.

The bills brought forth by our colleagues today would make improvements to the Transition Assistance Program; streamline the approval of apprenticeship and pre-apprenticeship programs for GI Bill funding; VA’s Home Loan Program, so that veterans and their families can afford to buy their own home in high-cost areas, and improve veterans’ ability to rent a home while they are attending school on the GI Bill.

I will let our colleagues who introduced these pieces of legislation discuss their bills in greater detail, but I do want to briefly discuss

the two draft bills on the agenda today that have not yet been introduced.

One of the bills is a proposal to change how flight schools are paid for under the GI Bill. It is similar to a bill that Dr. Wenstrup introduced last Congress and that moved out of the House unanimously, which required tuition and fee payments under the GI Bill spent at flight schools and other contracted programs at public schools to be placed under the same cap that is in place for private schools, which is currently at \$22,850 a year. This proposal, however, would include this cap, but would also allow veterans to elect to have these payments accelerated, so that they can receive double the amount of tuition and fee payments over a shorter period of time.

This was a suggestion from the flight programs to address the higher expenses we have seen associated with flight training and the shorter time period needed to complete the training.

This proposal would also allow for a private pilot's license to be paid for under the GI Bill, which is currently not allowed.

I want to reiterate that this is still only a draft proposal and I look at today's hearing as an opportunity to receive feedback from stakeholders on this particular proposal.

The second proposed draft bill would change current law to provide the Secretary greater flexibility to avoid issuing regulations related to VA-backed home loans. The Administrative Procedures Act exempt non-VA home loan programs like FHA, Freddie and Fannie Mac, and Ginnie Mae from the formal rule-making provisions; however, VA is still required to issue formal rules related to the home loan program. As a result, VA has less flexibility to quickly respond to predatory practices that occur in the housing market because VA must issue formal regulations each time. This draft will simply allow the VA to make changes without rule-making to protect veteran home buyers.

I am eager to discuss each of these seven pieces of legislation before us today, and I am grateful to my colleagues who have introduced these bills and to our witnesses for being here to discuss them. I look forward to a productive and meaningful discussion.

Now I will yield to my dear friend and fellow Texan Beto O'Rourke.

#### **STATEMENT OF BETO O'ROURKE, RANKING MEMBER**

Mr. O'ROURKE. Thank you, Mr. Chairman, for bringing us all together and bringing our witnesses together here.

I am also grateful for the work and thought that have been invested in these bills and I look forward to hearing about them directly from the authors of these bills, and then having a chance to hear General Worley and his thoughts in response and in answer to our questions.

So with that, I will yield back to you and we will begin to receive testimony.

Mr. ARRINGTON. I thank the Ranking Member.

Before I recognize our colleagues at the table, I want to yield to our colleague and my friend Mr. Rutherford from Florida for 5 minutes to discuss his bill, H.R. 3965.

Mr. Rutherford.

**OPENING STATEMENT OF HONORABLE JOHN H. RUTHERFORD**

Mr. RUTHERFORD. Chairman Arrington, Ranking Member O'Rourke, and fellow Members of the Subcommittee, I want to thank you for this opportunity to speak on behalf of my legislation, the Veterans Armed for Success Act.

While in my district in Northeast Florida and in my time serving on this Committee, I have heard how companies prefer to hire veterans for many different reasons: they are responsible, responsive, and hardworking. Their skills translate well into many fields and, in short, veterans get the job done right. Yet many veterans I have met feel frustrated with their post-service career opportunities and often do not know how to translate their learned skills into the job market.

There are few things more important to the quality of life for our Nation's veterans than transitioning into stable, long-term employment. It creates economically prosperous families, it builds our local communities, and, of extreme importance, it improves the mental health for many of our veterans.

In response to these growing needs of veterans and their families in our area, Operation New Uniform in my home city of Jacksonville was created. With large Navy, Marine Corps, and Florida Guard installations in my district, thousands of active duty personnel and over 150,000 veterans, retired veterans call Northeast Florida home. And when you match this population with the huge corporate interest in Jacksonville, ONU, as Operation New Uniform is known, they have successfully matched these veterans with companies looking to hire veterans. And through their skill-based learning and training, 96 percent of veterans that have gone through their program have found meaningful careers within 4 months of completing the program.

I have spoken at the ONU graduation and seen firsthand how effective this program can be. It has been a huge win for both veterans and Northeast Florida businesses. While the group has been hugely successful, ONU is funded through private donations and, unfortunately, they have had to turn away many veterans who apply for the program because they simply do not have enough resources.

When I first met with the group, I was surprised to hear that. Currently, no Federal program exists for these organizations. And looking further into the issue, I learned that while the DoD Transition Assistance Program, TAP, and efforts at the Department of Labor have worked to meet veterans' needs, clearly there needs to be some supplemental off-base programs for those who need further assistance in finding employment. ONU is just one example of many organizations that the VA, DoD, and DOL can work with more closely to ensure that the programs and resources our veterans receive are directly leading to long-term careers.

My legislation will create a Federal grant-matching program to encourage more organizations to set our veterans up for success, will shore up our commitment to getting resources to veterans in need of further assistance, and will also gauge the nationwide need for programs like ONU.

And so in closing I would like to thank the Chairman, the Ranking Member, my fellow Congressman from Jacksonville Al Lawson,

who is introducing this bill with me, and as well my colleagues on the Subcommittee and Subcommittee staff for their commitment to this and other bills under consideration today that will truly improve the economic livelihood of our veterans.

Thank you, Mr. Chairman. I yield back.

[THE PREPARED STATEMENT OF MR. RUTHERFORD APPEARS IN THE APPENDIX]

Mr. ARRINGTON. Thank you, Mr. Rutherford.

It is an honor to be joined by our colleagues Mr. Himes of Connecticut, Ms. McSally of Arizona, and Mr. Khanna of California, who I know will be here any minute. I want to thank you guys for being here. We will give you 5 minutes to make your presentation and we will start with the gentleman from Connecticut, Mr. Himes.

#### **OPENING STATEMENT OF HONORABLE JAMES A. HIMES**

Mr. HIMES. Thank you, Chairman Arrington, Ranking Member O'Rourke, and Members of the Subcommittee for the opportunity to testify today on the Securing Electronic Records for Veteran's Ease, or SERVE Act. I would also like to thank my cosponsors, including Representative Coffman, Representative Holmes Norton, Representative Crowley, and Representative Estey.

Mr. Chairman, I will give a brief summation of my testimony, but would be grateful for the opportunity to place the written testimony on the record.

Mr. Chairman, veterans and their families face real challenges when they transition to civilian life. We have an important responsibility, as you know all too well, to do everything that we can to help. Finding housing, a roof over their heads, should not be an ordeal, especially if it is caused by difficulties in showing the stipend that veterans get from Uncle Sam.

Mr. Chairman, in conversations with student veterans throughout my district, proof of income for housing kept coming up as a big challenge. One ex-Marine, Nicholas Quinzi, the founder of the Student Veterans Club at Sacred Heart University in my district, told my office that if he had a wish list of things to make the veteran experience better, the number-one item would be fixing the lack of verification available for the monthly housing stipend. He says, I quote, "I am a full-time student. I can't really have a full-time job while taking 5 or 6 classes a semester, as well as summer classes, so my income isn't really income, which means there's no way for me to procure a house. Even attempting to rent is a nightmare."

The fact that Nick and many veterans like him have no proof of income that a property management firm could consider when weighing creditworthiness and income is just silly.

Here is the commonsense fix: H.R. 3634 would require the Department of Veterans Affairs to make documentation of Post-9/11 GI Bill monthly housing stipend accessible and available online. Student veterans will use this documentation to provide the needed verification to housing agents, leasing companies, and landlords.

This legislation could have a big effect. Currently, there are approximately 1.1 million students using the Post-9/11 GI Bill.



I appreciate the VA's attention to this issue and understand that they support the intent of the bill, but that they feel that the goals of the legislation have been met with the availability of a statement of benefits. Unfortunately, Mr. Chairman, the statement of benefits does not solve this problem. Not all authorized Post-9/11 GI Bill beneficiaries have access to the statement of benefits on Vets.gov and the statement is not always accepted as proof of income.

The statement of benefits also includes personal data and information that veterans might not want to share with landlords.

So an official form accessible on the e-benefits portal verifying the benefit is necessary. This functionality already exists for civil service preference, commissary and exchange privileges, proof-of-service cards, and VA compensation and pension benefit verification.

In closing, Mr. Chairman, I would like to thank the Subcommittee for its consideration of the Securing Electronic Records for Veteran's Ease Act, and I look forward to working with the Members of this Committee to continue to support our student veterans.

Thank you, Mr. Chairman. I yield back the balance of my time.

[THE PREPARED STATEMENT OF MR. HIMES APPEARS IN THE APPENDIX]

Mr. ARRINGTON. Mr. Himes, thank you for your interest in helping serve our veterans, I think I can say that on behalf of the entire Subcommittee, and thanks for your time today.

Ms. McSally, 5 minutes.

#### **OPENING STATEMENT OF HONORABLE MARTHA MCSALLY**

Ms. MCSALLY. Thank you, Chairman Arrington, Ranking Member O'Rourke, and Members of the Subcommittee. Thanks for having me here to speak about an issue of immense importance to our servicemembers and veterans, the transition from service life to civilian life.

Having served in the U.S. Air Force myself for 26 years and knowing a lot of people who have as well, I know how difficult it can be for veterans to navigate the job search as a private citizen and transition.

My bill is the Veterans' Entry to Apprenticeship Act, H.R. 3018, and it will ease this process for outgoing servicemembers by allowing them to use their education benefits they have already earned to participate in pre-apprenticeship programs that are proven to increase the likelihood of gainful employment.

At a time when our vets are seeing daunting rates of underemployment and our national skills-based workforce is shrinking, we must find creative solutions to bolster resources we are offering to our vets.

The Bureau of Labor Statistics estimates that in 2016 the annual unemployment rate for post-9/11 vets was 5.1 percent, compared to the national average was 4.6 percent. Although we have seen unemployment rates for veterans decreasing overall since 2011, which is good, their rate of underemployment is actually increasing. In

fact, in 2016, more than 27,000 veterans were getting help from job search grantees, which is a 23-percent growth over 2015.

In other words, while more veterans are finding jobs, they aren't finding the right jobs that allow them to take care of their families, advance their careers, or find new career paths. Many veterans today have to work two or even three jobs just to make ends meet.

What's worse is we know that businesses and organizations want to hire veterans. According to a 2016 report by the U.S. Chamber of Commerce's Hiring Our Heroes Program, they found that veterans are ranked third on employer's lists for priority recruitment behind women and candidates with advanced degrees. I am glad I have all three of those in case I am looking for a job, but I can imagine, I talk to employers all the time and they want veterans working for them. The core values that we bring to an organization of integrity, of excellence and dedication, and teamwork and reliability, all those things are the soft skills that employers I talk to every single day want.

Evidence shows businesses across the country want to hire and train the veterans, but many cannot because they can't accept untrained veterans to their programs, because the basic fees that the veteran has to pay they just can't pay out of pocket for these pre-apprenticeship programs.

Additionally, our Nation is facing a growing shortage of qualified skills-based and trade-based workers. According to a study conducted in 2012, 53 percent of skilled U.S. workers were 45 years or older and 20 percent were over the age of 55. So this shortage is even greater for employees in high technical fields like cyber security. It is imperative we attract a new, younger workforce willing to apply themselves in these highly technical fields if we hope to remain competitive in the global economy.

A way to fix the problem is to make it easier for veterans to take advantage of apprenticeship programs in these skill-based fields. In particular, the Department of Labor has endorsed pre-apprenticeship programs as a path to helping individuals learn about the new careers, acquire new trade-based skills, qualify to meet the minimum standards for other Federal apprenticeship programs, and get a leg up on their apprenticeship applications. However, their GI Bill benefits may not be used right now to supplement the cost of these Department of Labor-approved pre-apprenticeship training programs in skilled industries. It simply does not make sense.

The Veteran's Entry to Apprenticeship Act would remedy this issue by requiring the Department of Veterans Affairs to allow Post-9/11 GI Bill benefits to be used to cover costs of pre-apprenticeship programs, in addition to apprenticeship programs. This is a commonsense step that would provide veterans with additional resources to acquire new skills, give businesses a cost-effective path to a younger, willing workforce, and provide a pipeline of new workers in highly technical fields for the future workforce.

With an increasing number of post-9/11 veterans looking to enter the workforce and an estimated 453,000 veterans facing unemployment, now is a perfect time to encourage our war fighters to pursue careers in these high-demand occupations. Expanding job training opportunities for veterans not only makes sense for our veterans, but it is also a win for our businesses.

Again, thanks for allowing me to speak on this important issue for our veterans and our national economy.

Additionally, I would like to thank the 13 other cosponsors, including Members of this Committee, as well as various outside groups that support my legislation that include the National Guard Association of the United States, the Reserve Officers Association, the Enlisted Association of the National Guard, the National Roofing Contractors Association, the National Association of Home Builders, and the Associated General Contractors for their support for my bill.

And thank you, Mr. Chairman. I yield back.

[THE PREPARED STATEMENT OF MS. MCSALLY APPEARS IN THE APPENDIX]

Mr. ARRINGTON. The gentlelady from Arizona yields back. And I want to say again to both of you on behalf of the Committee, we appreciate you proposing commonsense solutions to help serve our veterans.

Ms. McSally, thank you for your service to our country.

Ms. MCSALLY. Absolutely.

Mr. ARRINGTON. And God bless both of you. And I think, unless there are any further questions or comments, we are going to dismiss you all, and then we are going to make Mr. Khanna pay for being late in some way. We may cut him some slack, because he just had a newborn baby boy and so he may be a little disheveled, but thank you all for coming. I hope this is all for the record.

[Laughter.]

Mr. ARRINGTON. Okay. Let's now recognize and make introductions regarding our second and final panel. And then, again, we will work Mr. Khanna in as he joins us.

Welcome back General Bob Worley, Director of VA's Education Service, who is accompanied by Mr. Jeff London, Director of VA's Loan Guaranty Service.

I also want to welcome back Mr. John Kamin, Assistant Director of Veterans Education and Employment for The American Legion. And, finally, Mr. William Hubbard, Vice President of Government Affairs for Student Veterans of America.

Thank you all for being here today.

And here is Representative Khanna. If you would come sit with us on the dais. And before I get to the panelists before us, we would like to hear a little bit about your piece of legislation that I am very familiar with as a cosponsor and so honored to be a part of this effort and this commonsense solution to streamline some things for our veterans regarding apprenticeship programs.

Mr. Khanna, you have got the floor for 5 minutes.

#### **OPENING STATEMENT OF HONORABLE RO KHANNA**

Mr. KHANNA. Well, thank you, Chairman Arrington and Ranking Member O'Rourke, for your leadership in helping craft this legislation and working with the veterans groups on this legislation. I really appreciate your personal commitment to these issues and working with Joe Wescott and others to craft this bill.

I am Congressman Ro Khanna. I have the honor of representing Silicon Valley in the 17th District of California. And last week,

after a few months of meetings and discussions with think tanks and companies, the National Association of State Approving Agencies, and Members of this Committee, including both of you, introduced 3949, the Veterans Apprenticeship and Labor Opportunity Reform bill, the VALOR Act.

And I want to note here the extraordinary moment where you, Mr. Chairman and Ranking Member, made this your bill in getting on the bill and that that is not typical, and it is a commitment to the bipartisan work of Congress.

This legislation is very simple: it basically provides veterans with greater access to apprenticeships. Right now, if you are a company and you want to provide an apprenticeship for a veteran, you have to get approval not just from the state agency where you are located, you also have to get approval from every single state where you want to provide that apprenticeship. And we have heard from both veterans, from the state agency, and from companies that this was an extraordinarily cumbersome process. And particularly states, some of whom that have only a few veterans, didn't have many veterans, companies wouldn't want to go there to provide the apprenticeship because they didn't want to have to go through all the bureaucratic paperwork of having to go through the approval process.

So this idea came actually from the state approval agencies themselves in discussion with your offices, and with the majority and minority staff, and they helped streamline the process. So now the approval would just have to be in where the company is headquartered. And they would of course coordinate with the other states where they are providing apprenticeships, but they are not going to have to fill out duplicative paperwork again and again. And as a result, I think that we are going to see many more companies providing these apprenticeships.

I am also proud to say that it is bicameral in nature. Senator Cotton and Senator Tillis have introduced companion legislation in the United States Senate as Senate Bill 1936.

Finally, I must thank Joe Wescott, the Legislative Director at the National Association of State Approving Agencies, for working in a bipartisan basis with you, Mr. Chairman, our Ranking Member, our office, Gio Saba [ph] on my team, who has done tremendous work in coming up with legislation that would have the buy-in of both his agency, the companies and the veterans.

A lot of times people say to me as a freshman Member of Congress, you know, it seems so partisan, how do you enjoy being in Congress, what can you get done, and it is really moments like this that I point to in saying, you know, people around here do want to do things that are going to move the ball forward. I think this is an example of legislation that is bipartisan, it helps our veterans, it is in the Nation's interest. We are going to see more people who make the ultimate sacrifice sign up to serve our country have an opportunity now to join the private sector because of legislation like this.

So I just want to thank you, Mr. Chairman, for your leadership, Ranking Member O'Rourke for your leadership, and look forward to assisting in any way as your Committee has questions.

[THE PREPARED STATEMENT OF MR. KHANNA APPEARS IN THE APPENDIX]

Mr. ARRINGTON. Thank you, Mr. Khanna, for your interest in serving our veterans and your leadership, your bipartisan leadership on this effort.

And I mentioned the newest member of the Khanna family, Baby Soren, and we are very proud of you and he is beautiful and congratulations. And now you can get out of here.

Mr. KHANNA. Thank you. The only one I keep waiting, Mr. Chairman, for you is my son and wife and that is why I was a little late. So I apologize, but thank you for giving me the chance.

Mr. ARRINGTON. That is a good excuse, we will accept that one today.

Now let's go back to our panelists and we will give General Worley 5 minutes. The floor is yours.

#### **OPENING STATEMENT OF GENERAL WORLEY**

General WORLEY. Good afternoon, Mr. Chairman, Ranking Member O'Rourke, and Members of the Subcommittee. I am pleased to be here today to provide the views of the Department of Veterans Affairs on the pending legislation.

Accompanying me today is Mr. Jeff London, Director of our Loan Guaranty Service.

Due to when we received the notice of the hearing and the draft bill text on the Administrative Procedures Act, we will follow up with the Committee as soon as possible on H.R. 815, H.R. 3018, and the APA draft bill.

H.R. 3634 would ensure that individuals may access documentation verifying the monthly housing stipend paid to the individuals under the Post-9/11 GI Bill. VA supports the intent of the proposed legislation, but notes this change would provide access to similar information currently available to veterans through a recently launched statement of benefits letter, which is printable and accessible through Vets.gov. The letter provides a link to the amount of a veteran's monthly housing stipend, and other eligibility and entitlement information under the Post-9/11 GI Bill.

Presently, as Congressman Himes mentioned, the statement of benefits is only available for veterans, but we are working to make it available for all beneficiaries.

H.R. 3949 would designate the State Approving Agency, as you just heard, for the state in which the headquarters of a multi-state apprenticeship program is located as the approving agency for this program. VA supports this bill.

Currently, non-Federal apprenticeship programs operating in more than one state must request approval from each SAA in that state in which it operates. The proposed legislation would allow one SAA to approve the multi-state apprenticeship program, making it much easier for multi-state employers to establish apprenticeships throughout the country.

VA, however, would recommend that the phrase "headquarters of the apprenticeship program" be further defined so as to prevent competing claims of jurisdictional authority from multiple SAAs?

H.R. 3965 authorizes VA to make grants to organizations that would provide employment assistance to recently transitioned

servicemembers. Recipients of the grant would provide resume assistance, interview training, job recruitment training, and related services. We would like to note that these services are currently provided by the Department of Labor through our memorandum of understanding between our departments and, therefore, the intent of this bill might be best accomplished by the Department of Labor.

The draft flight school bill related to flight programs would make certain improvements to the use of educational assistance provided by VA for flight training programs. Section 1(a) of the proposed legislation would remove the requirement for an individual receiving Montgomery GI Bill active duty benefits to possess a valid private pilot's certificate before qualifying to receive benefits for flight training.

VA supports the intent of section 1(a); however, we do have concerns about removing this requirement, as this would allow certain individuals to pursue private flight training as an avocation as opposed to a vocation.

Section 1(b) would allow an individual receiving Post-9/11 GI Bill benefits to elect to receive accelerated payments for tuition and fees of flight training pursued at institutions of higher learning. VA does not support section 1(b).

Under this provision, individuals would exhaust their entitlement prior to completing their program of education and, in addition, the amount of an accelerated payment could exceed the actual cost of tuition and fees charged for any given enrollment period.

VA supports sections 1(c) and 1(d), which are consistent with our fiscal year 2018 budget submission, and would limit the amount of tuition and fees paid for enrollment in flight programs at certain programs at IHLs that are part of a contract or agreement with an entity other than another public IHL.

VA remains concerned about high tuition and fee payments for enrollment in degree programs and especially those involving flight training at public IHLs; these sections of the proposed legislation would remedy this situation.

Mr. Chairman, this concludes my statement. We appreciate the opportunity to present our views and look forward to your questions.

[THE PREPARED STATEMENT OF GENERAL WORLEY APPEARS IN THE APPENDIX]

Mr. ARRINGTON. Thank you, Mr. Worley.  
And now 5 minutes for Mr. Kamin.

#### OPENING STATEMENT OF JOHN KAMIN

Mr. KAMIN. Thank you, Mr. Chairman. Good afternoon, Ranking Member O'Rourke and Members of the Subcommittee.

On behalf of National Commander Denise Rohan and over 2 million members of The American Legion, we thank you for the work you do in support of veterans, as well as their families.

With the passage of the Harry Colmery Veterans Educational Assistance Act, we are honored to join you in a meaningful discussion on how we can continue to work together to improve the GI Bill.

I will be focusing only on two bills for the purpose of framing discussion in two critical areas: improving the GI Bill Apprenticeship Program and stabilizing costs for flight schools.

To begin with apprenticeships, H.R. 3949, the VALOR Act. Quite simply, this bill would streamline approval for organizations with multi-state apprenticeship programs. Under current law, apprenticeship programs must be approved by all the SAAs they are operating in in order to be deemed eligible for GI Bill use. Companies and organizations operating in multiple states have to submit multiple applications for approval that are subject to different interpretations. Designating a headquarters-based SAA the approving authority for all states clearly streamlines this process.

The American Legion supports this as an important step to improving the GI Bill Apprenticeship Program. However, we are duty-bound to inform this Subcommittee that significant problems still remain with the apprenticeship program.

A 2015 GAO report recommended that the VA improve outreach, ease administrative challenges, and establish outcome measures for its OJT and apprenticeship program. However, after discussing apprenticeship with stakeholders across industries, it became clear that the need for administrative reforms far outweighs any concerns with outreach. To put it bluntly, no amount of marketing or advertising can sell a broken program, and initial feedback suggests that fixes are desperately needed.

What every company or organization enrolled in the GI Bill Apprenticeship Program will tell you is that the solution starts with electronic approval for veterans and certifying officials. If you are from a college or university, approval paperwork has been electronic since before the Post-9/11 GI Bill even existed. For apprenticeships, the VA uses a fax machine to hand-process each approval through regional offices. In addition to the administrative burden faced by staff, the effect on the veterans enrolled is also clear, as demonstrated by the greater rate of late payments.

Some entrepreneurial companies and VA employees have come up with their go-around for this scan the hand-signed approval documents and email them in to a clued-in VA staffer. Of course there is a size limit on email for the VA, which means that a company scanning 500 approvals for apprenticeship may have to send 18 emails over the course of a day.

Fixing these problems will not be easy, but make no mistake, there is exceptional potential in the apprenticeship program for both veterans and the country. However, promoting a flawed program has the potential to poison the goodwill that our Nation's employers have for servicemembers and veterans, and The American Legion believes it is high time we bring this program into the 21st century.

From apprenticeships, we move on to the subject of flight schools. In 2015, the Los Angeles Times disclosed that some public schools were charging inflated costs for flight fees, taking advantage of a loophole in tuition for public school flight programs. The draft bill proposed would set flight caps at the tuition rate for private schools.

Now, some may ask why veterans groups would consider legislation that would appear to lower the generosity of the GI Bill. The

answer to this is that we know the road to ruin for the GI Bill begins when we forgo our responsibility to ensure that it is an honorable investment of public dollars.

It was this Committee that in 1952 rolled back GI Bill benefits for Korean veterans because the original GI Bill was decried as open season on the U.S. Treasury. GAO attorneys showed that two thirds of schools overcharged the Government at that time to provide support on this. It is this history that informs the discussion of flight schools for us today. Yet our obligation must be measured with the responsibility that our Nation has to veterans using the Post-9/11 GI Bill who aspire to careers in aviation.

Legislation that caps the maximum GI Bill amount per year for flight school would have the inevitable consequence of discouraging pursuit of this vocation with greater debt incurred by veterans and servicemembers who remain committed. This draft legislation takes this into account with language authorizing the use of additional months of eligibility to pay remaining tuition and fees. This would appear to alleviate concerns for discouraging pursuit of aviation, while putting the choice in the hands of the veterans for how to appropriately allocate their GI Bill.

The American Legion commends the Subcommittee for pursuing a measured approach and is equally encouraged by the cost savings that have already been made at public school aviation programs.

In order to support this, however, The American Legion calls for all cost savings projected by this measure to be returned to VA education programs. Absent this and with no resolution addressing the provisions of this legislation, The American Legion will continue to work with both this Committee and our membership to determine the course of action which best serves veterans.

Chairman Arrington, Ranking Member O'Rourke, and distinguished Members, The American Legion appreciates the opportunity to comment on the bills being considered by this critical Subcommittee, and I will be happy to answer any questions you may have.

Thank you.

[THE PREPARED STATEMENT OF MR. KAMIN APPEARS IN THE APPENDIX]

Mr. ARRINGTON. Thank you, Mr. Kamin.

Now 5 minutes for Mr. Hubbard.

#### **OPENING STATEMENT OF WILLIAM HUBBARD**

Mr. HUBBARD. Chairman Arrington, Ranking Member O'Rourke, and members of this customer, thank you for inviting Student Veterans of America to submit our testimony on legislation pending before this body, and our applause and appreciation to you both for your leadership on the passage of the Forever GI Bill.

Before addressing the legislation under consideration today, I would like to express our concern with the proposed rule change posted with the Federal Register in which the Department of Veterans Affairs proposes waiving the law pertaining to conflicts of interest, 38 U.S. Code 3683. This law, passed by Congress decades ago, was intended to prevent corruption in connection with VA's



administration of the GI Bill. The Federal notice proposes providing a blanket waiver of this law.

We sent a letter to the VA and submitted public comment on this issue strongly urging reconsideration of this ill-advised proposal. We hope VA will take the public comments expressing concern with deep consideration and enforce the law, or exercise the individual waiver provision, as the law already affords.

Mr. Chairman, I would like to spend the rest of my time addressing the challenges associated with flight programs.

Former Chairman of the House Veterans' Affairs Committee Jeff Miller perfectly captured this issue in a remark last year as he stated, "The GI Bill flight school loophole is so big you could fly a 747 through it."

Many of these programs cite a national shortage of pilots as the justification for this training, but the shortage exists within fixed wing aviation, planes, whereas the vast majority of these programs are training students in rotor wing, helicopters, for which there is no shortage of pilots. High-cost programs for low-paying jobs is a model that is difficult to support: \$534,881, \$471,441, \$474,566, these are just a few examples of the costs for individual students.

As these programs began receiving heightened oversight from this Committee, several flight school lobbyists approached me to make me an offer, an all-expenses-paid trip to visit one of the schools, stating it was just near Las Vegas and they would be happy to cover the costs if I wanted to stay a few extra days. My reply to this was simple: I don't need a fancy trip to Vegas to know what is going on here. Just send me the data. That is not how I do business, that is not how Student Veterans of America does business.

Many veterans were led to believe they would achieve high starting salaries only to learn that at the beginning of their career they were making less than \$20,000.

So let's review. A half million dollars for a single student, misleading veterans about the job market demand, flaunting expensive degrees in the face of Congress, and trying to lure potential opponents to take fancy trips to keep their mouths shut. These are all things that some of these schools looked at and thought I'm okay with that. Having been born and raised in the Midwest by two parents working to make ends meeting, I was raised to recognize between right and wrong, and this was wrong.

At age 17, I enlisted in the Marine Corps with the goal of serving our country and building my own life. While some veterans choose to pursue a vocation in flight programs, many of these programs continue to operate at levels requiring vastly more resources than limits on vocational training costs.

VA data shows that while the number of students taking flight training went up by only 171 students or 9 percent between fiscal year 2013 and fiscal year 2014, the total cost to taxpayers for this program grew by \$37 million or 87 percent over the same period. As of last year, some schools averaged a cost of nearly a quarter million dollars per student.

Veterans who desire a career in aviation should be able to achieve these goals and not at the expense of the GI Bill's overall sustainability. VA currently affords a maximum of roughly \$13,000

for vocational flight training programs, yet many programs continue to exploit the loophole of operating through public and private programs, thereby undercutting the law.

This legislation closes the flight loophole by redesignating flight training from public institutions and SVA supports this change. If this amount is too low, then a debate should be had about raising the cap to meet the costs instead of schools finding a slick work-around to funnel money into their programs.

We thank this Committee and its Members for addressing the long overdue challenges of the flight school loophole, and I look forward to your questions about this issue and other important topics up for discussion today.

[THE PREPARED STATEMENT OF MR. HUBBARD APPEARS IN THE APPENDIX]

Mr. ARRINGTON. Thank you, Mr. Hubbard, and I appreciate your reference to the waiver regarding conflicts of interest. We are looking at it now. If there is any pertinent information we can loop you in, we will.

With that, let's now go—I am going to forgo questions for now, but yield to the Ranking Member for 5 minutes for any comments or questions he has.

Mr. O'ROURKE. Mr. Chairman, I will do the same with one quick exception.

I wanted to ask General Worley on Congressman Himes' legislation, 3634, and you say the VA supports the intent of this. You mentioned that you feel like there is already the information available online with the exception of other beneficiaries and you said that is coming shortly. How long until we get there?

General WORLEY. I said we are working on that part, it is not coming necessarily shortly, because it has to do with—

Mr. O'ROURKE. I didn't mean to put words in your mouth.

General WORLEY. —it has to do with the login capability.

And thank you for the opportunity, Mr. O'Rourke, because just to be clear on this capability, the statement of benefits capability that we put into Vets.gov is brand new, we launched that on 1 August. It provides benefit information, how much entitlement you have used, how much is left, your benefit level. It doesn't have currently, that document when you pull it up doesn't have the housing on it directly, but you can link to the comparison tool to get more information about the housing allowance.

It sounds like what the intent of the bill is, is to have a document that you can take to, you know, a rental agency or a home rental or whatever it is to prove a certain amount of income. And so we are investigating and I don't think it is a huge lift, but our technical folks need to look at it, how we just grab that current housing amount that you are getting today and put that into the statement of benefits, and that way it is printable, it is directly, easily accessible for veterans.

It will take some time through the digital services efforts to get kind of the secure logon ID for non-veteran beneficiaries, so that is something that is in work, but I can't predict the date that we will have that at this time.

Mr. O'ROURKE. I wonder if it would be possible for you to work directly with Mr. Himes and with his constituent. He seems to have somebody who can articulate very effectively what the problem is. I think if you can meet the concern to his constituent's satisfaction and if you could report back to the Committee, then we don't need an act of Congress to get this done. It seems like a very commonsense request, it seems like it is also something that you are working on, but it would be nice to have that confirmed by the veteran in question. And we could then take that back to our constituents and just make sure that it passes the test with them as well.

General WORLEY. I would tend to agree that it probably doesn't take an act of Congress to do this. I would just point out, though, sir, that we can put that information out there, whether an apartment agency or a home rental agency, or whoever it is accepts that as income, that is up to them, that is not something we can mandate, of course.

Mr. O'ROURKE. Okay, thank you.

As I yield back to the Chairman, I just want to also thank Mr. Kamin for his comprehensive testimony on all the legislation before us, and I want to thank Mr. Hubbard for his very powerful and damning testimony. I mean, it is hard to hear what you just shared with us and not meet this with some urgency about ensuring that those resources are going to where they are going to be most effective and that they are not wasted, and that we are not defrauding both the taxpayer and the veteran. So I just want to thank you for your testimony, I found it to be very powerful.

I yield back to the Chairman.

Mr. ARRINGTON. The Ranking Member yields back. I thank him for his comments.

And now I want to yield 5 minutes to Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

I thank the panel for being here today as we discuss some of these bills that I think are really going to be very beneficial to our veterans back home.

Mr. Hubbard, you mentioned that the Transition Assistance Program maintains a heavy emphasis on employment and not enough on education. Do you believe this Congress needs to look at ways of improving TAP on a much larger scale?

Mr. HUBBARD. Thank you for the opportunity, Mr. Rutherford, for that question. Absolutely, in short, we believe that TAP overall needs a significant overhaul.

If you consider for the majority of students, for example, that go to school, two thirds are first generation. That means over 18 years of their lifetime they don't have their parents teaching them the small nuances of going to higher ED, much like a student who has parents who went to school. For example, the FASFA form; who knows what the FASFA form is? If your parents didn't go to school, you likely don't get that information growing up. And to think that 18 years of societal and cultural knowledge can be compressed into 2 weeks as you get out of the military when your primary focus is making sure that you have housing, that your family is taken care of, and that you are going to be able to put food on the table, to

think that you can compress that knowledge into that period of time is impossible.

And so we think that over a 4-year period of an average enlistment, which is the typical individual's in the military, we believe that there is an opportunity to spread that curriculum through that 4 years, so that the information is both institutionalized and also understood on a much deeper level, so that when individuals are exiting the military they are able to focus on really doing that the right way versus trying to take this information on.

Mr. RUTHERFORD. Right. But more specifically drilling down to the program within the Department of Labor and their Veterans Employment and Training Services Program, under DOL they are just not receiving the attention that they should, and that is kind of why I think programs like Operation New Uniform and other community programs that already exist that are successful and have a proven track record should be supported.

What do you think within the Department of Labor we need to try and influence to get that attention that they need from DOL?

Mr. HUBBARD. Well, sir, you have been obviously a leader on this issue and, you know, of course we appreciate that. To highlight some of the successes that have been had I think is hugely important. It is not always negative stereotypes and things that we need to focus on, but sometimes the positive things that are happening and DOL VETS is a perfect example of that. They have an exceptional program, their team is really on point, and to highlight some of that success I think is important.

I would like to hopefully work with the Secretary of the Department of Labor to highlight that program as much as possible and ideally work to coordinate the program with also the Department of Veterans Affairs, Department of Education, and certainly DoD I believe is important in that equation.

Mr. RUTHERFORD. Okay. And dealing with Veterans Armed for Success Act, 3965, which I have introduced, from a TAP's standpoint, do you have any suggestions that we should be looking at on that bill or—

Mr. HUBBARD. Well, sir, we were very excited to see the bill. We thought, if anything, it should be expanded to include additional education counseling. The Department of Education has several programs that provides counselors to first-generation college students, we believe perhaps providing some funding for programs like that would be good. But the concept in and of itself we think is excellent.

Mr. RUTHERFORD. Thank you very much.

Mr. Chairman, I yield back.

Mr. ARRINGTON. The gentleman yields back and we would like to now yield 5 minutes to the gentleman from California, Mr. Correa.

Mr. CORREA. I'll reserve my comments for now, sir.

Mr. ARRINGTON. Do you want to yield your time?

Mr. CORREA. Yes.

Mr. ARRINGTON. Okay, the gentleman yields back. And now we will yield 5 minutes to Mr. Banks for questions.

Mr. BANKS. Thank you, Mr. Chairman.

As my colleague Mr. Rutherford said, this is a great portfolio of a number of pieces of legislation that are exciting to provide for our veteran population. Just a few quick questions.

First of all, Mr. Kamin, I was struck on page 5 of your written testimony you refer to the GI Bill Apprenticeship Program as a, quote, "flawed program." I wonder if you can elaborate on that and tell us what—I mean, you suggest that we should quit marketing it, we can't do a lot to improve it, but what are The American Legion's thoughts on ways that we can salvage a flawed program?

Mr. KAMIN. Thank you for your question, sir.

And to elaborate on that, I would go back to the original GAO report, and when you parse through the details, there are a couple of numbers and a couple of surveys that stand out. It listed that 11 to 15 employers of apprenticeship sponsors said the process was burdensome and inefficient. When they surveyed the students, they said 66 out of the 156 veterans received benefits late. And when I first heard that, it seems troubling, but I was more upset when I learned that late is considered 30 days after the fact.

And when I talked to an employer who was running the program, I said, well, when do people normally receive the benefits? When I was at school, you would expect it within 72 hours of the first month. And she said that she had 500 apprentices and could say that it was pure scattershot, she could not guarantee whether it would be on the 2nd of the month or the 28th of the month.

So if I am a veteran going into an apprenticeship program and I am trying to match my GI Bill payment up with rents, I am going to be put in a tough situation under the current system, and that all goes back to the fact that it is still run on paper. And as long as we are still relying on fax machines, which was also written in the report that many employers would have to send three or four times to get it certified with excuses such as we ran out of paper, when we were hear that as the problem, as the holdup for benefits, we think that it is an issue that needs to be looked at.

So, again, it can be a beautiful program, but I think if we are looking at why more companies haven't engaged in it, you can look at some facts for how the companies are using it right now and come up with some very clear answers.

Mr. BANKS. So in addition to H.R. 3949, what additional changes need to be made to improve and streamline the program so that we would no longer refer to it as a flawed program?

Mr. KAMIN. Well, to be forthright, we are still exploring the solutions and we are still talking to employers over what exactly the solutions could be.

The short answer is that having apprenticeships be incorporated into the VA-ONCE system would be the solution for this. That would also be, I can only imagine, the problems and the reasons that that hasn't already happened. So I don't want to take anything away from VA when it comes to the complexity of that.

In addition, there is also a burden over signatures for apprentices which they need to calculate hours every month. So if I am an apprentice and I am a truck driver, which there are a lot of shipping companies who use this, I have to take across, even if I am a thousand miles away, to fill out an hour sheet, fax it in or scan it in, if I have a high-quality scanner, to whatever industry

representative I have, and they take that signature and then incorporate it with theirs.

So the dual-signature process we see is overly burdensome, which I think Mr. Wescott also alluded to in his testimony, and just by simple industry standards, the certifying official empowering them to manage the hours would be a way to supply it as well.

Mr. BANKS. Okay, thank you.

General Worley, with regards to the provision for pre-apprenticeship programs in Representative McSally's H.R. 3018, can you elaborate on situations where you have seen veterans who are seeking this type of training?

General WORLEY. Congressman, I can't really elaborate on that, because we don't have those programs today and, to my knowledge, at least my personal knowledge, I have not heard of people seeking pre-apprenticeships per se. But I do agree that there may be opportunity out there and, unfortunately, we didn't have the chance to do the costs and get the views finalized for this hearing. We will provide those as soon as possible after the hearing.

Mr. BANKS. Mr. Hubbard, can you elaborate on interest?

Mr. HUBBARD. Thank you for the question. We haven't seen any explicit interest in pre-apprenticeship programs. As it exists, the GI Bill doesn't offer this for even higher education as an opportunity. I think ultimately the percentage of folks who are using apprenticeships, that is not the bulk of the GI Bill. The bulk are going to school and getting a degree there, so that is not typically something that we see.

Mr. BANKS. Thank you and I yield back.

Mr. ARRINGTON. The gentleman yields back.

Now we will yield 5 minutes to Mr. Takano.

Mr. TAKANO. Thank you, Mr. Chairman.

General Worley, do you have any suggestions for how we can ensure the provision in the flight school loophole that allows benefits to be used for a private pilot's license goes strictly towards supporting the veteran's career instead of for instance their hobby, do you have any suggestions about that?

General WORLEY. Well, we would be happy to work with the Committee on language that would do that, if the intent was to have it strictly tied to a degree program and not to be avocational in nature.

Congressman, the fact of the matter is, people could use any of the current GI Bill benefits with a stated intent of completing a degree, but only with their real intent of completing a few of a particular type of course. So you will never weed out all of that, but the way the language is in the bill today someone could just go get their private pilot's license and stop right there and just use it recreationally as opposed to for a job.

Mr. TAKANO. Well, of course I agree that it is a benefit they have earned through their service. I don't want to suggest that there is a way for us to say that veterans can only use their benefits only for gainful employment, I mean, they can use their benefits for what they want, but I do think we do have to stay within the bounds of what is sustainable.

And I appreciate that history from The American Legion about the World War II GI Bill and the questions that arose afterwards, that was very instructive.

General Worley, another question. If there is a safeguard in place for accelerated payments such as limiting their use only in the case of programs that are 18-month or shorter, would VA support accelerated payments?

General WORLEY. I would have to take that back, Congressman Takano, just to be able to look at the specific recommendation. As I mentioned, we don't support the accelerated payments for really two key reasons: one, you are burning twice the entitlement and, if you are in a 4-year degree program, taking accelerated payments will certainly burn your entitlement much quicker; and, secondly, the way the payment scheme is laid out in the language, it is not tied to the actual cost per se.

So you could get double the payment. If your tuition fees for example were 18,000, you would get double that for a 4-month semester, and that is not tied to anything and you are going to burn 8 months of entitlement. Conversely, if your costs are more than the private cap, you would get double the cap and you would still be short.

So that is the reason the VA opposes the accelerated payments as it is prescribed right now.

Mr. TAKANO. All right. Well, thank you.

I just want to say, Mr. Chairman, that we dealt with this flight school loophole in previous legislation in a bipartisan manner, both sides recognized the unsustainability, I am disappointed that the Senate took it out. I am very pleased that we have veteran's service organizations with tremendous integrity and a farsightedness to understand that we have got to have a GI Bill that is sustainable, and we simply cannot sustain this kind of expense. And I am very proud to be associated with this Committee's work and also your leadership on this issue.

Mr. Hubbard, I want to give you a little more time for the benefit of—well, I don't want to sound patronizing, but Mr. Rutherford has taken an interest in improving the TAP program. And I have often thought that we need to not only do work post-separation, but the real work needs to be done pre-separation from the day that the servicemember takes their oath with a non-commissioned officer, and more work needs to be done with the Department of Defense while the servicemember is actually in active duty or, you know, in service. Do you have any more thoughts on how we can improve TAP in that regard?

Mr. HUBBARD. Thank you for the question, Congressman. I think ultimately a lot of the work that happens in TAP is more of an orientation. When you enter a college program, typically you get an orientation to the campus, they point you where the key buildings are and where to find things. You are not expected to complete a degree in orientation; it is just that, it orients you to the campus. Very similarly, I believe that TAP ultimately needs to be re-framed in that same thought process, it is an orientation to resources, and to expect that individuals would learn and understand everything that they need to know in that 2-week period, it is just not possible.

And so I believe, ultimately, between the Department of Defense as the starting point and then into work with the VA, there is a lot of conversation to be had about what that relationship looks like, and certainly pulling in also the Department of Labor, as well as the Department of Education, to ensure that they are all coordinated. I don't believe that that is the case currently, although I do know that there are efforts to begin those discussions and we are fully supportive of that.

Mr. TAKANO. Yes. Well, thank you very much.

My time is up and I yield back.

Mr. ARRINGTON. The gentleman yields back. I yield myself 5 minutes for questions.

Let me follow up on what my colleague Mr. Banks was referencing in your remarks, Mr. Kamin, about the flaws of the apprenticeship program. I think there are lots of programs that are flawed in one way or the other throughout the government and I think the question is, is it fundamentally flawed and where we need to scrap it, save some taxpayer money and save time and frustration on the part of the customer, in this case the veteran, or do we fix it and just make it work.

My understanding is the apprenticeship programs, the outcome on employment rate is very good, it is 91 percent, that is my understanding, and the average annual salary for someone going through an apprenticeship program is \$60,000. So it seems like the merit is there, if you can make the program work, but sometimes I think there are a hundred ways that the Federal Government can make a program not work. But I know General Worley is committed to that. It sounds like a pretty straightforward fix, just modernize the administrative process, and it sounds like that is not an act of Congress, that is an act of the administration and the leadership.

So, General Worley, would you like to comment on that? Can we fix this?

General WORLEY. Thank you, Mr. Chairman.

We have in fact moved significantly with respect to implementing the recommendations of the GAO report that was referred to. In fact, today if you—well, first of all, let me start with the approval process. This happened about 2 years ago, as I testified in our last hearing on apprenticeships, working with the Department of Labor, the registered apprenticeships are deemed approved for GI Bill, it just takes a couple of additional pieces of paper so that we know there is a certifying official. And when I saw we, I am talking about state approving agencies who are the authorities in approving these programs in their states, not the VA. So it just takes a couple of extra pieces of paper to get a program approved in a state.

With respect to the initial enrollment or the initial entry into an apprenticeship, that is modernized today by VA- ONCE. So someone can go into the VA-ONCE system, just like if you are at an IHL and submit someone for their apprenticeship and establish them in our system as in an apprenticeship program at a particular employer.

What we have done with respect to the monthly certification of the hours worked is, as an interim step, we can do that through our GI Bill Web site. There's an ask-question setup, you have to



set up an account, and the certifying official can submit the hours worked through that. We are very close to putting those monthly certifications into the VA-ONCE system with the signatures on file. So the certifying official will have the student's signature on file and it will make that process, the dual-signature process that Mr. Kamin referred to, which is a legal requirement, by the way, it is a statutory requirement, it will still fulfill that requirement, only do it in an electronic manner.

So we are making great progress and, as I testified last time, we are still trying to, we are still working and should in the not-too-distant future have our own assessment of outcomes for those beneficiaries in OJT and apprenticeship programs.

Mr. ARRINGTON. Thank you, Mr. Worley.

I think this would be with you or Mr. London, my next question about the Administrative Procedures Act and understanding that that is, to me as a former regulator at the FDIC, an important part of the process for public input, make sure the stakeholders know what is coming down the pike, and that all stakeholders have some input in the process and in the final outcome. And I have seen a lot of good intentions gone wrong in the marketplace and have major unintended consequences in the name of solving a consumer protection challenge or, in this case, predatory practices. I am talking about the VA Home Loan Program and being exempt from that.

What practices, predatory practices or other consumer protection issues, could you identify as things that you couldn't otherwise get to without the exemption from this administrative process? And, again, I am assuming that is you, Mr. London.

Mr. LONDON. Yes. Thank you for the question, Mr. Chairman. I would say that, you know, from a statutory standpoint, VA has brought authority to address issues. However, when we have to make substantive interpretations of the statute, we are subject to the Administrative Procedure Act, and when there are emergent issues that have to be addressed, sometimes the APA or the Administrative Procedure Act can be unduly burdensome. From my personal experience in my 13 years in VA, on average it has taken us some 18 to 24 months or sometimes more to issue a formal rule-making. And when there is clear, tangible, empirical evidence that things that need to be addressed and there is an agreement across all stakeholders to go through that formal process when there is agreement is sometimes unnecessary.

Mr. ARRINGTON. I am out of time. I am going to ask my colleagues if they have further comments or questions. Oh, Mr. Correa, I apologize. We will go back to you, Mr. Correa, and I yield 5 minutes for questions or comments.

Mr. CORREA. Thank you, Mr. Chairman. I just wanted to follow up on some of your comments, which are on the building trades, the apprenticeship programs.

The President has announced a trillion-dollar infrastructure project for this country. The State of California, where I am from, is about to undertake a major infrastructure from building new roads, highways, so on and so forth. So I began to see that demand is there for some of these building trades, the apprenticeship programs. And a lot of the local bonds that will be used for matching

funds with these programs are actually putting in either local hire or hire a veteran kind of requirements.

And so listening to our Chairman here, I am very interested in, you know, making sure that our apprenticeship programs are working, whether it is state jurisdiction, Federal jurisdiction or local, I want to make sure that we are working to make sure that those obstacles are put to the side, make sure that our veterans are connected to those jobs, those apprenticeship jobs, so that, you know, as these jobs begin to develop and they are going to be coming around real fast, that our veterans have the first shot at those good-paying jobs.

So, you know, I would ask you if there is any duplication, if there is any update in terms of codes, anything we need to do to make sure that the veterans are front and center when it comes to these jobs, that that is what they are going to be, front and center.

That's more of a question as opposed to a comment. If you can comment, please, to the panel?

Mr. KAMIN. Yes, sir. While I agree 100 percent and we do praise the Administration's spotlighting this issue, I think that it can affect the country in ways that are above what we can possibly measure when we look at this model and this approach.

And it is interesting to see the way they function now. I actually trained a Seamen's International Union training facility in Maryland and it looked to me like a small college campus where they are going, they are learning nautical expertise in the classroom, they are getting training on fire protection, they are hitting the sea and learning stuff there, and it was so far removed from what the initial perception is about learning how to use a hammer to hit a nail. In addition to that, they would leave being able seamen with a salary starting at \$8,000 a month for an average age of 19 to 20 years old for the people engaged.

What was most striking about that, though, was when I asked where people were from, the answers I got were Baltimore, Norfolk, Houston, Baltimore. They were all shipping towns. And that is where you see that the outreach isn't across the country, it is with traditional industries and traditional people living there.

So I don't mean to discount promoting apprenticeship and the role that can play, GI Bill or not, because it does have the potential, if properly endorsed by the country, to do great things.

Mr. CORREA. If I may, Mr. Chairman, I want to say that I still believe that the best thing that we can do for veterans is to give them a job, and to give them a good-paying, middle class job is what we need to do. So I think this is one of those areas that the jobs are going to be begging really fast.

So however we can assist you, whatever legislation you need, we would love to hear from you. Thank you very much.

Mr. Chair, I yield the remainder of my time.

Mr. ARRINGTON. The gentleman from California yields back.

I would just open it up to my colleagues for any further questions or comments.

Mr. Rutherford, I yield 5 minutes.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Mr. Kamin, you explained I thought very well about TAP being an orientation program. And part of the concern that I have had

with TAP over the years that I have known about it is the fact that it can happen months before the military personnel even retires; is that correct?

Mr. KAMIN. Yes, sir, that is correct. It is a mandatory course, but you can schedule it up to—

Mr. RUTHERFORD. Six months?

Mr. KAMIN. Six months prior.

Mr. RUTHERFORD. Okay. And that is a long time for that kind of information, it gets lost, you know. Would you see any value in moving TAP to, you know, 3 weeks before your departure? And I don't know what burdens that might place on the military branches. Do you have any feel for that?

Mr. KAMIN. Yes, sir. Well, I can tell you I went through TAP twice, the first time in 2008, the second time in 2010, and I believe even by 2010 it was within that 3-week requirement.

Mr. RUTHERFORD. Oh, it was?

Mr. KAMIN. Yes. So that is the way it used to be. And the first time I had just gotten back, redeployed from Iraq, and I was in no place to be retaining any of that information and it just felt like a mandatory course.

And I think that is to Mr. Hubbard's point that a lot—that you could have a pitch-perfect program, but if you don't have the attention span—

Mr. RUTHERFORD. Right.

Mr. KAMIN. —it is not going to count for anything.

So I think you are 100-percent right in terms of finding the best time for a servicemember to take it that fits their needs. We have considered is it possible to elect to take a TAPs course after you get your honorable discharge. If you say 6 months out, oh, geez, my initial thought didn't pan out in terms of a job, I would really like to go to TAP to learn, ultimately that presents a lot of complexity, because if I, you know, ETS out of Quantico and then all of a sudden I am in Washington State, who is taking care of my TAP? So we do see issues with that.

I would be remiss if I didn't also mention the Skills Bridge Initiative that is happening in the Army, which is actually—and we have to fight with base commanders and with battalion commanders about this, but the idea of putting a soldier on TDY orders who is within an 18-month interval of leaving to get apprenticeship-like training. So Microsoft is a huge cyber-training program. So if a company, I am talking about a military Army company, identifies a high-speed soldier is interested, they can put them on orders to participate in the Skill Bridge Program. When he Estes, he will have that job waiting for him at Microsoft.

So those are these innovative, new, very 2015-and-above approaches that we are still exploring, but there is a lot of that—

Mr. RUTHERFORD. That is very encouraging. Thank you for that.

Mr. Hubbard, and I don't want to try to speak for Congresswoman McSally and I am not really sure on this pre-apprentice bill exactly what program she is talking about either, but I do know that in many apprentice programs, in fact I ran a training center for law enforcement at one time and there are certain entry requirements like the MAPS test, Measures of Academic Progress,

and TABE, the Test for Adult Basic Education, and those are pre-requisites to get into an apprentice program.

Now, I also know that those tests come with costs. And then if you fail a portion of that test, there are remediation's that are available for the individual, which also some cost attached to it. And just trying to think about what Member McSally could be referring to, I can certainly see how being able to use GI Bill dollars to pay for MAPS testing, TABE testing, and remediation could certainly be a big benefit, because you may not be able to get into the apprentice program without those qualifying tests.

Can you speak to that?

Mr. HUBBARD. I can, sir, and thank you for the question.

To start off with, with the research that we did under the National Veteran Education Success Tracker, or NVEST, we found some interesting things, specifically as it relates to time to degree. Individuals were actually preserving their benefit and oftentimes to ensure that they could use it for, say, a bachelor's and a master's degree. To do that, what they were doing is taking classes at community colleges to knock out their associate's degree early on. I think a model very similar to that makes more sense for apprenticeships. If this highly valuable benefit is expended early on, that is time that you lose on the back end for potentially great programs that might take a little bit longer.

And so to preserve this benefit for as long as possible given that it is a finite amount of time, we believe that that makes more sense.

Mr. RUTHERFORD. Okay. Thank you very much.

And I think particularly in light of, you know, Mr. Correa's comments about the upcoming, hopefully, transportation and infrastructure building that is going to be going on, we certainly need to have folks who are able to get into those programs as well.

Mr. Chairman, I yield back.

Mr. ARRINGTON. The gentleman yields back. And I yield 5 minutes to Mr. Takano for further questions.

Mr. TAKANO. Of course, Mr. Hubbard, I am interested in how we can encourage servicemembers to get remediation done before they separate as a strategy, and that is more what I was trying to refer to Mr. Rutherford. As far as how we can improve transition I think is really going back to the moment of enlistment and assessing the servicemember and assessing their interests, and being able to set an education plan so that they are ready on day one of their separation. There is none of this inefficiency of having to pay for these things out of the GI Bill.

And what is more is I think we can encourage them to use tuition assistance in the military. So a very strategic, focused use of tuition assistance while they are in the military. They need to be accountable to some educational goals, because we recruit them based on their educational goals. That is a huge recruitment tool.

I think that the GI Bill rings hollow when they leave the military really unprepared to use it well or they use it very inefficiently. And I am glad to see that so many of our veterans are strategically saying, well, let's not use up these benefits right away. And by the way, that takes a lot of counseling too, to be able to get the veteran to see that.

And, Mr. Arrington, we have been talking so much about the marketing, the heavy marketing that gets done by some unscrupulous for-profits and they take advantage of that lack of sophistication, that lack of market intelligence about how we consume higher ED, and that I think is going to take a lot more effort on the front end while they are in service, while they are active duty. And those are my thoughts.

Mr. Kamin, I am interested in this Microsoft, how long is that Microsoft program? How much training does it require? And they are doing this while they are still in service?

Mr. KAMIN. Yes, sir. It is their MSC, Microsoft Skills—I'm sorry, I can get your office the exact program—

Mr. TAKANO. Yes.

Mr. KAMIN. —and I believe it is 6 weeks long. The Skill Bridge Initiative is authorized for up to 3 months, but they found out real quick that that is too much time for a company commander to put their soldier out to learn. So there are companies that are engaged with this program and that includes a lot of the International Brotherhood of Teamsters, a lot of shipping companies, and they are just now moving into the cyber sector, are really trying to tailor the time towards what they are discovering the military to provide them.

Mr. TAKANO. And who would pay, who pays for this training? Does Microsoft pay for the training?

Mr. KAMIN. Microsoft would pay for the training and they would still be collecting their military salary.

Mr. TAKANO. Is there any way—I mean, this sort of thing I think is really interesting to explore, because also I think there may be a role for tuition assistance, you know, there may be some cost sharing there, right?

I mean, I think it is a legitimate—if it is training, it is legitimate, but we have to kind of square that with the military mission as well. But I think we also need to enlarge this idea of what the military mission is. We are recruiting a lot more people that need more skills, the military needs higher cognitive abilities.

So I think we ought to be thinking about how tuition assistance could be used, how we set those educational goals, how we get the servicemembers aware of any deficiency in skills that they need, and get those taken care of. And they should be held accountable to those goals, like anything else, and by the time they leave we have less taxpayer money being wasted, we have, you know, far less—even the suicide stuff I think is partly driven by this lack of ability to kind of make that transition, you know, well. But we would need to work I think more closely with the armed services folks, because that is where some of the changes need to happen.

Mr. ARRINGTON. Yield back. I appreciate the gentleman from California's thoughtful comments and his engagement at the level of detail that you are, it just reminds me of just how committed you are to this and to serving our veterans.

And I want to commend before we close our colleague Mr. Rutherford for putting forth a proposal to enhance and expand the Transition Assistance Program and I think it is a great piece of legislation. And we are going to have a markup I think at some point in the near future. I will also remind folks that we will have a TAP

hearing on November the 8th, and so we can all look forward to that.

I only have one last question and then we will close it out. On the H.R. 815, where we would eliminate the home loan cap, how many veterans would benefit if you took—what is the cap today, the loan limit, and then how many, do we know how many veterans would benefit today if that cap were removed, that limit we are taking off?

Mr. London?

Mr. LONDON. Yes. Thank you for that question.

So generally speaking, the cap is \$424,100. That represents 92 percent of the counties in the United States. In some cases like in California and Florida, you can go a little bit higher. But we ran some data off of the fiscal year that just closed, 2017, and 35,000 veterans received a VA loan above the conforming loan limit. So essentially those veterans had to put down 25 percent of the difference of their loan amount and the limit in their county to enjoy a VA home loan.

Mr. ARRINGTON. And this is an earned benefit and I know it gives greater exposure to the Federal Government, but we would look for an offset if we move forward on legislation like this, correct? I am hearing a yes. I would expect we would have an offset. But I think it is an earned benefit and I can appreciate why we wouldn't want to penalize, especially in some of these markets like the market here in Washington, New York and other places.

So with that, if there are no further questions or comments, I just want to thank everybody for being here today and for their to a very good discussion.

And I want to announce that the Subcommittee is tentatively scheduled to hold a markup on some or all of these proposed pieces of legislation on October 25th.

I ask unanimous consent that written statements from Representative of New York and the Helicopter Association International be included in the hearing record.

Without objection, so ordered.

Mr. ARRINGTON. Finally, I ask unanimous consent that all Members have five legislative days to revise and extend their remarks, and include extraneous material on any of the bills under consideration for this afternoon.

With no objection, so ordered.

This hearing is now adjourned.

[Whereupon, at 3:21 p.m., the Subcommittee was adjourned.]

## A P P E N D I X

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### **Prepared Statement of Honorable Rutherford**

Chairman Arrington, Ranking Member O'Rourke, fellow members of the Subcommittee - thank you for the opportunity to speak on behalf of my legislation, the Veterans Armed for Success Act.

In my district in Northeast Florida and on my time serving on this Committee, I have heard how companies prefer to hire veterans for many reasons. They are responsible, responsive, and hard-working. Their skills translate well into many fields. In short, veterans get the job done right. Yet, many veterans I have met feel frustrated with their post-service career opportunities and often do not know how to translate their learned skills into the job market.

There are few things more important to the quality of life for our nation's veterans than transitioning into stable, long-term employment. It creates economically prosperous families; it builds our local communities; and of extreme importance, it improves the mental health for many veterans.

In response to these growing needs of veterans and their families in our area, Operation New Uniform in my home city of Jacksonville was created. With large Navy, Marine Corps, and Florida Guard installations in my district, thousands of active duty personnel and 150,000 veterans call Northeast Florida home.

When you match this population with the huge corporate interest in Jacksonville, ONU has successfully matched these veterans with companies looking to hire veterans. Through their skills-based learning and training, 96% of veterans who have gone through their program have found meaningful careers within four months of completing the program. I have spoken at an ONU graduation and seen firsthand how effective this program is. It has been a huge win for both veterans and Northeast Florida businesses. While the group has been hugely successful, ONU is funded through private donations and, unfortunately, they have had to turn away many veterans who apply for the program because they do not have enough resources.

When I first met with the group, I was surprised to hear that, currently, no federal grant program exists for these organizations. In looking further into the issue, I learned that while the DOD Transition Assistance Program and efforts at the Department of Labor have worked to meet veterans' needs, there needs to be supplemental, off base programs for those who need further assistance in finding employment. ONU is just one example of the many organizations that VA, DOD, and DOL can work with more closely to ensure that the programs and resources our veterans receive are directly leading to long term careers.

My legislation will create a federal grant-matching program to encourage more organizations to set our veterans up for success, will shore up our commitment to getting resources to veterans in need of further assistance, and will also gauge the nationwide needs for programs like ONU.

In closing, I would like to thank the Chairman, the Ranking Member, my fellow Congressman from Jacksonville, Al Lawson, for introducing this bill with me, as well as my colleagues on the Subcommittee and the Subcommittee staff for their commitment to this and other bills under consideration today. Thank you, Mr. Chairman. I yield back.

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### **Prepared Statement of Rep. Jim Himes**

"H.R. 3634, THE SECURING ELECTRONIC RECORDS FOR VETERAN'S EASE (SERVE) ACT"

Thank you Chairman Arrington, Ranking Member O'Rourke and distinguished members of the subcommittee for the opportunity to testify today on H.R. 3634, the Securing Electronic Records for Veteran's Ease, or SERVE Act. I would also like to

thank my distinguished colleagues who have cosponsored this legislation including, Rep. Coffman, Rep. Holmes Norton, Rep. Crowley and Rep. Esty.

Veterans and their families face real challenges when they transition to civilian life. We have an important responsibility to do what we can to help. Finding housing - a roof over their heads - should not be an ordeal, especially if it is caused by difficulties in showing the stipend that veterans get from Uncle Sam.

In conversations with student veterans throughout my district, proof of income for housing kept coming up as a big challenge. Nicholas Quinzi, a Marine and founder of the Student Veterans Club at Sacred Heart University, told my office that if he had a wish list of things to make his veteran experience better, the number one item would be fixing the lack of verification for the monthly housing stipend.

"I am a full-time student," he said. "I can't really have a full-time job while taking 5 or 6 classes a semester as well as summer classes, so my income isn't really 'income,' which means there is no way of procuring a house. Even attempting to rent is a nightmare."

The fact that Nicholas, and many veterans like him, have no proof of income that a property management firm could consider when weighing credit worthiness and income qualifications is silly.

Here's the commonsense fix: H.R. 3634 would require the Department of Veteran Affairs make documentation of Post 9/11 GI Bill monthly housing stipend accessible and available online. Student veterans will use this documentation to provide needed verification to housing agents, leasing companies, apartment managers, and landlords.

This legislation could have a big effect. Currently there are approximately 1.1 million students using the Post 9/11 GI Bill. Even if a fraction of those veterans have had an issue with obtaining housing because of this issue, that would mean tens of thousands of student veterans and their beneficiaries that would have one less thing to worry about if this bill were to become law.

I appreciate the VA's attention to this issue, and understand that they support the intent of the bill but feel that the goals of the legislation been met with the availability of a statement of benefits. Unfortunately, the statement of benefits does not solve the problem. Not all authorized Post 9/11 GI Bill beneficiaries have access to the statement of benefits on Vets.gov and the statement is not always accepted as proof of income for receipt of the housing stipend. The statement of benefits also includes personal data and information that veterans may not wish to share.

An official form, accessible on the e-benefits portal verifying the benefit is necessary. This functionality already exists for civil service preference, commissary and exchange privileges, proof of service cards and VA compensation and pension benefit verification.

In closing, I would like to thank the subcommittee for its consideration of the Securing Electronic Records for Veteran's Ease Act and I look forward to working with the members of the committee to continue to support our student veterans.

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### **Prepared Statement of Honorable Martha McSally**

#### **10.11.17 TESTIMONY RE: H.R. 3018, VETERANS' ENTRY TO APPRENTICESHIP ACT TO THE HVAC SUBCOMMITTEE ON ECONOMIC OPPORTUNITY**

Subcommittee Chairman Arrington, Ranking Member O'Rourke, and members of the subcommittee on Economic Opportunity: thank you for having me here today to speak about an issue of immense importance to our servicemembers: the transition from service life to civilian life. Having served in the United States Air Force myself for 26 years, I know how difficult it can be to navigate the job search as a private citizen. My bill, the Veterans' Entry to Apprenticeship Act (H.R. 3018), will ease this process for our outgoing servicemembers by allowing them to use the education benefits they have already earned to participate in pre-apprenticeship programs that are proven to increase the likelihood of gainful employment. At a time when our veterans are seeing daunting rates of underemployment and our national skills-based workforce is shrinking, we must find creative solutions to bolster the resources we are offering our veterans.

The Bureau of Labor Statistics estimates that, in 2016, the annual unemployment rate for post-9/11 veterans was 5.1 percent, compared to the national average of about 4.6 percent.<sup>1</sup> Although we have seen unemployment rates decrease veterans overall since 2011, their rate of underemployment is actually increasing. In fact, in

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<sup>1</sup> BLS, 2016



2016, more than 27,000 veterans were getting help from grantees - a 23 percent growth over 2015.<sup>2</sup> In other words, while more veterans are finding jobs, they aren't finding the right jobs that allow them to take care of their families, advance their careers, or find new career paths. Many veterans today have to work two or even three jobs just to make ends meet.

What's worse is that we know that businesses and organizations want to hire veterans. According to a 2016 report by the U.S. Chamber of Commerce's Hiring Our Heroes program found that veterans were ranked third on employers' list for priority recruitment, behind women and candidates with advanced degrees. But while evidence shows that businesses across the country want to hire and train veterans, many cannot attract untrained veterans to their programs due to basic fees the veterans are unable to pay out of pocket after they return from service.

Additionally, our nation is facing a growing shortage of qualified skills-based and trade-based workers. According to a study conducted in 2012, 53 percent of skilled US workers were 45 years or older and 20 percent were over the age of 55. This shortage is even greater for employees in highly technical fields, like cybersecurity.

It's imperative that we attract a new, younger workforce willing to apply themselves in these highly technical fields if we hope to remain competitive in the global economy.

A way to fix this problem is to make it easier for veterans to take advantage of apprenticeship programs in skills-based fields. In particular, the Department of Labor has endorsed pre-apprenticeship programs as a path to helping individuals learn about new careers, acquire new, trade-based skills, qualify to meet minimum standards for other federal apprenticeship programs, and get a leg-up on apprenticeship applications.

However, currently, GI Bill benefits may not be used to supplement the cost of Department of Labor approved pre-apprenticeship training in skilled industries. This simply does not make any sense.

The Veterans' Entry to Apprenticeship Act would remedy this issue by requiring the Department of Veterans Affairs to allow post-9/11 GI Bill benefits to be used to cover costs of pre-apprenticeship programs in addition to apprenticeship programs.

This is a common sense step that would provide veterans with additional resources to acquire new skills, give businesses a cost-effective path to a younger, willing workforce, and provide a pipeline of new workers in highly technical fields for the future workforce.

With an increasing number of post-9/11 veterans looking to enter the workforce and an estimated 453,000 veterans facing unemployment, now is the perfect time to encourage our warfighters to pursue careers in high-demand occupations. Expanding job training opportunities for veterans not only makes sense for our veterans, but is also a win for businesses.

Again, thank you for allowing me to speak on this important issue for our veterans and for our national economy. Additionally, I would like to thank the 13 other cosponsors, many of which are members of this committee, as well as the various outside groups including: the National Guard Association of the United States, the Reserve Officers Association, the Enlisted Association of the National Guard of the United States, the National Roofing Contractors Association, the National Association of Home Builders, and the Associated General Contractors of America for their support.

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### Prepared Statement of Hon Ro Khanna

#### “LEGISLATIVE HEARING ON DRAFT LEGISLATION”

##### Opening

- Thank you, Chairman Arrington and Ranking Member O'Rourke, for holding today's legislative hearing and for inviting me, along with several of my House colleagues to testify today.
- I am Congressman Ro Khanna, and I have the honor of representing Silicon Valley as part of the Seventeenth Congressional District of California.
- Last week, after a few months of meetings and discussions with think tanks, companies that offer apprenticeships, veterans services organizations, the National Association of State Approving Agencies, and members of this committee,

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<sup>2</sup>Military Times, March 2017

including its leadership, I introduced H.R. 3949, the Veterans Apprenticeship and Labor Opportunity Reform, or VALOR, Act.

- It is bipartisan legislation that will provide veterans greater access to apprenticeship training programs following their service.
- I want to thank committee and subcommittee staff from both sides of the aisle for working with my office in identifying to the real problem that companies currently face and helping us develop H.R. 3949 that is targeted, yet important.
- I also want to acknowledge the Chairman and Ranking Member of this Subcommittee for meeting with me and for being original cosponsors of the VALOR Act.
- I'm proud to say that this bill is bicameral in nature, as Senators Cotton and Tillis have introduced companion legislation in the US Senate as S. 1936.
- Finally, I must thank Joe Westcott, Legislative Director at the National Association of State Approving Agencies, for taking a chance on a freshman member of Congress and working with us in development and endorsement of the VALOR Act. It has been a pleasure to get to meet and know Joe and to have his support for this legislation.

#### Legislation Itself

- Currently, private employers who offer apprenticeship programs in more than one state must register with each state approval agency individually.
- This trail of paperwork and burdensome review process often discourages employers from opening these apprenticeship programs to veterans.
- The VALOR Act would streamline the registration process for employers, still allow approval agencies to certify programs, and give veterans more opportunities to gain employment through apprenticeship programs.
- Apprenticeship programs allow veterans to gain skills needed for 21st century jobs.
- Something as simple as paperwork should not stop employers from hiring veterans.
- The VALOR Act would remove administrative hurdles and offer more apprenticeship to returning veterans.

#### Closing

- I appreciate the opportunity to appear before the subcommittee today to offer my perspective on this small, but important bill.
- I am happy to answer any questions that my colleagues on the subcommittee may have.

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### Prepared Statement of Robert Worley

Good morning, Chairman Arrington, Ranking Member O'Rourke and Members of the Committee. I am pleased to be here today to provide the views of the Department of Veterans Affairs (VA) on pending legislation. Due to when we received notice of the hearing, and the draft bill text on the Administrative Procedures Act (APA), we will follow up with the Committee as soon as possible on H.R. 815, H.R. 3018, and the APA draft bill. With me today is Jeff London, Director, Loan Guaranty Service, Veterans Benefits Administration (VBA).

#### H.R. 3634

H.R. 3634, the "Securing Electronic Records for Veterans' Ease Act of 2017," or the "SERVE Act of 2017" would ensure that individuals may access documentation verifying the monthly housing stipend paid to the individuals under the Post-9/11 Educational Assistance Program (Post-9/11 GI Bill). It would add a new subsection (j) to 38 U.S.C. § 3313.

VA supports the intent of the proposed legislation, but notes this change would provide access to the same information currently available to Veterans through a "Statement of Benefits" letter accessible through the internet at [www.Vets.gov](http://www.Vets.gov). This letter provides a link to the amount of a Veteran's monthly housing stipend and other eligibility and entitlement information under the Post-9/11 GI Bill. Presently, the "Statement of Benefits" letter is only available for Veterans. VA is in the process of making this letter available to all Post-9/11 GI Bill beneficiaries. The implementation date for this functionality has not been determined.

As a technical matter, we note that there is already a subsection (j) in section 3313.

#### H.R. 3949

The purpose of H.R. 3949 is to provide for the designation of state approving agencies for multi-state apprenticeship programs for purposes of VA's educational assistance programs.

This bill proposes to amend section 3672(c)(1) of title 38, U.S.C., to designate the state approving agency (SAA) for the state in which the headquarters of a multi-state apprenticeship program is located as the approving agency for this program. The SAA for the state in which the apprenticeship program takes place would be responsible for all other purposes.

The term "multi-State apprenticeship program" would be defined as a non-Federal apprenticeship program operating in more than one state that meets the minimum national program standards developed by DOL.

VA supports the proposed legislation. Currently, non-Federal apprenticeship programs operating in more than one state must request approval from the SAA in each state in which it operates. For example, if an employer has training establishments in 50 states, it must seek separate approval from the SAA in each. This process can be lengthy and cumbersome causing some Veterans to miss valuable training opportunities. The proposed legislation would allow one SAA to approve a multi-state apprenticeship program. However, VA would recommend that the phrase "headquarters of the apprenticeship program" be further defined so as to prevent competing claims of jurisdictional authority from multiple SAAs. In addition, DOL recommends the terms "non-Federal apprenticeship program" and "minimum national program standards, as developed by the Department of Labor" be further defined in the bill. DOL is available to work with the Subcommittee to clarify those terms.

As a technical matter, we note that this bill would replace paragraph (c)(1) of section 3672 with new paragraphs (c)(2)(A) and (B). VA notes that section 3672(c)(2) currently exists in title 38, U.S.C., and it is unclear how the proposed amendment would impact that provision.

#### **H.R. 3965**

This bill gives the Secretary authority to make grants to organizations that would provide employment assistance to recently transitioned Servicemembers. Recipients of the grant would provide resume assistance, interview training, job recruitment training, and related services. We would like to note that these services are currently provided by Department of Labor (DOL) through a memorandum of understanding between our departments, and therefore the intent of this bill might best be accomplished by DOL.

VA does assist eligible Veterans participating in VBA's Vocational Rehabilitation and Employment program and the Veterans Health Administration's homelessness and compensated work therapy programs with these tasks.

The draft bill authorizes \$5,000,000 to carry out this section.

#### **Draft Flight School Bill**

This draft bill would make certain improvements to the use of educational assistance provided by VA for flight training programs.

Section 1(a) of the proposed legislation would amend section 3034(d) of title 38, U.S.C., to remove the requirement for an individual receiving Montgomery GI Bill-Active Duty benefits (or chapter 30) to possess a valid private pilot certificate before qualifying to receive benefits for flight training. Therefore, individuals who do not possess a valid private pilot certificate could qualify for flight training under chapter 30. This provision would apply to a quarter, semester, or term that begins on or after the date of enactment.

Section 1(b) of the proposed legislation would add a new subsection (k) in section 3313 of title 38, U.S.C., which would allow an individual receiving Post-9/11 GI Bill benefits to elect to receive accelerated payments for tuition and fees for flight training pursued at institutions of higher learning when the flight training is a requirement for the degree being pursued. The amount of each accelerated payment would be equal to twice the amount for tuition and fees, otherwise payable to an individual. The amount of monthly stipends (i.e., monthly housing allowance, kickers, etc.) would not be accelerated. Two months of entitlement would be charged for each accelerated payment. This provision would apply to training that begins on or after the date of enactment.

Section 1(c) of the proposed bill would amend subsection (c)(1)(A) of section 3313 of title 38, U.S.C. to limit the benefits paid for pursuit of flight-related degree programs at public IHLs. First, it would limit the amount of tuition and fees payable for a program that requires flight training to the same amount per academic year that applies to programs at private or foreign IHLs. Second, it would prohibit the payment of tuition and fees associated with non-required (i.e., elective) flight train-

ing. This provision would apply to a quarter, semester, or term that begins two years after the date of enactment, for individuals currently using chapter 33 benefits. Otherwise, this provision would apply to a quarter, semester or term that begins on or after the date of enactment.

Section 1(d) of the bill would further amend section 3313(c)(1)(A)(ii)(II) of title 38, U.S.C., as added by subsection (c)(2)(E) of this bill, to add a new item (cc) that would limit the amount of tuition and fees payable for certain programs at IHLs, specifically those that involve a contract or agreement with an entity (other than another public IHL) to provide a program of education or a portion of a program of education, to the same amount per academic year that applies to programs at private or foreign institutions. This provision would apply to a quarter, semester, or term that begins 2 years after the date of enactment, for individuals currently using chapter 33 benefits. Otherwise, this provision would apply for a quarter, semester, or term that begins on or after the date of enactment.

VA supports the intent of section 1(a). However, VA has concerns about removing the requirement for individuals to possess a valid private pilot certificate as this would allow certain individuals to pursue flight training as an avocation versus a vocation. VA notes that this provision would also apply to individuals pursuing flight training under both chapter 30 and chapter 33, since the same approval criteria govern both education programs.

VA does not support section 1(b). Under this provision, individuals would exhaust their entitlement prior to completing their program of education. This would specifically impact individuals who elect to receive accelerated payments for flight training while pursuing a standard 4-year bachelor's degree program. In addition, the amount of an accelerated payment could exceed the actual cost of tuition and fees charged for any given enrollment period. Consequently, VA could pay more funding than required for certain enrollments. In addition, the proposed charge against entitlement is confusing since only payments associated with tuition and fee charges may be accelerated. These payments, however, are paid in a lump sum, not on a monthly basis.

This section would require VA to make changes to the current rules for determining payment amounts that are programmed into the Long Term Solution (LTS). LTS is not currently programmed to process accelerated payments. VA estimates that it would require one year from the date of enactment to make the necessary information technology system changes.

Lastly, VA supports sections 1(c) and 1(d), which are consistent with our FY18 budget and would limit the amount of tuition and fee payments for enrollment in flight programs and certain programs at IHLs that are a part of a contract agreement with other entities (other than another public IHL). VA is concerned about high tuition and fee payments for enrollment in degree programs, and especially those involving flight training at public IHLs. Education benefit payments for flight programs increased tremendously with the implementation of Public Law 111-377.

There has been a significant increase in flight training centers, specifically those that offer helicopter training, that have contracted with public IHLs to offer flight-related degrees. Sometimes these programs charge higher prices than those that would be charged if the student had chosen to attend the vocational flight school for the same training.

The proposed legislation would remedy this situation. VA would like to note that information technology (IT) changes would also be necessary to implement sections 1(c) and (d). VA estimates that it would require 1 year from enactment to develop, test, and implement this functionality. Manual processing would be needed in the interim.

This concludes my testimony. We appreciate the opportunity to present our views on these bills and look forward to answering any questions the Committee may have.

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### **Prepared Statement of John Kamin**

Chairman Arrington, Ranking Member O'Rourke, and distinguished members of the subcommittee; On behalf of our National Commander, Denise H. Rohan, and the over 2 million members of The American Legion, we thank you for this opportunity to testify regarding The American Legion's positions on pending legislation before this committee. Established in 1919, and being the largest veteran service organization in the United States with a myriad of programs supporting veterans, we appreciate the subcommittee focusing on these critical issues that will affect veterans and their families.

**H.R. 815**

To amend title 38, United States Code, to adjust certain limits on the guaranteed amount of a home loan under the home loan program of the Department of Veterans Affairs.

VA's Home Loan Guaranty program has been in effect since 1944 and has afforded over 20 million servicemembers and veterans the opportunity to purchase homes. The Home Loan programs offer veterans a centralized, affordable and accessible method of purchasing homes in return for their service to this nation. The program has been so successful over past years that not only has the program paid for itself, but it has also shown a profit. In addition, statistics released by the Mortgage Bankers Association's National Delinquency Survey through the years have shown that veterans using VA loans have the lowest foreclosure rate in the United States<sup>2</sup>. The home loan program has been a tremendous benefit for the military and veteran community.

H.R. 815 would add to this great benefit by allowing the VA flexibility to determine the appropriate limit of the veteran's loan for those who choose to buy homes in high-income areas. This would give a servicemember and/or veteran additional options for finding a home through a VA-backed loan. This bill is a commonsense approach to providing a meaningful benefit to those who have honorably served America. It is the sincere desire of The American Legion to see all veterans realize the American dream of owning their own home.

Through Resolution No. 329: Support Home Loan Guaranty Program, The American Legion supports any administrative and/or legislative efforts that will improve and strengthen the Loan Guaranty Service's ability to serve America's veterans.<sup>3</sup>

The American Legion supports H.R. 815.

**H.R. 3018: Veterans' Entry to Apprenticeship Act**

To amend title 38, United States Code, to ensure that veterans may attend pre-apprenticeship programs using certain educational assistance provided by the Secretary of Veterans Affairs, and for other purposes.

Currently, GI Bill benefits cannot be used to cover the cost of Department of Labor approved pre-apprenticeship programs. In certain industries, many veterans face financial barriers entering into apprenticeship programs because they lack pre-apprenticeship credentials and training.

Pre-apprenticeship programs provide instruction and/or training to increase math, literacy, and other vocational and pre-vocational skills needed to gain entry into a Registered Apprenticeship program. For example, the Robert C. Byrd Institute partners with West Virginia Women Work to offer training to women to prepare for machinist and industrial apprenticeships. Implementing Registered Apprenticeship and pre-apprenticeship models that are aligned with the needs of key industry sectors creates opportunities to advance veterans who are students, job seekers, or workers along the talent pipeline.

With skilled trade programs expected to grow faster than average as a growing economy spurs infrastructure development, The American Legion believes it is important that the Post-9/11 GI Bill incorporate this training.<sup>4</sup>

The Veterans' Entry to Apprenticeship Act would allow veterans to use their educational benefits under the GI Bill to attend pre-apprenticeship programs that are compliant with state standards and sponsorships with Registered Apprenticeship Programs. Through Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education, The American Legion supports any legislative or administrative proposal that improves the GI Bill.<sup>5</sup>

The American Legion supports H.R. 3018.

**H.R. 3634: SERVE Act of 2017**

To amend title 38, United States Code, to ensure that individuals may access documentation verifying the monthly housing stipend paid to the individual under the Post-9/11 Educational Assistance Program of the Department of Veterans Affairs.

Many veterans utilizing the Post 9/11 GI Bill do not live in dormitories or on-campus housing but instead, find housing in the local market. Because many veterans

<sup>1</sup> <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=2255>

<sup>2</sup> <https://www.blownmortgage.com/va-loans-lowest-foreclosure-rate/>

<sup>3</sup> The American Legion Resolution No. 329 (2016): Support Home Loan Guaranty Program.

<sup>4</sup> <https://www.bls.gov/ooh/construction-and-extraction/home.htm> Construction and Extraction Occupations, Occupational Outlook Handbook

<sup>5</sup> The American Legion Resolution No. 318 (2016): Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education.

<sup>6</sup> The American Legion Resolution No. 318 (2016): Ensuring the Quality of Servicemember and

who transfer from the military into higher education are generally older, have families, or are not comfortable with the dorm lifestyle, the best option is to rent a home or apartment on the local market near their institution of higher learning. Improvements to the GI Bill Comparison Tool have allowed veterans the ability to make informed decisions by viewing their estimated basic allowance for housing (BAH) rate in the location they are contemplating attending school. However, for purposes of income, the veteran has no official verification of their monthly housing stipend. This can be burdensome to veterans when having to explain the specifics of a government benefit to landlords and rental agencies as a reason they should waive a standard component of a rental application.

H.R. 3634 provides a common sense and zero cost solution that would allow documentation to be available to veterans online. This documentation would verify the amount of their monthly housing stipend the veteran would receive to show proper documentation of benefits.

Through Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education, the American Legion supports any legislative or administrative proposal that improves the GI Bill.<sup>6</sup>

The American Legion supports H.R. 3634.

### **Draft Bill**

To amend title 38, United States Code, to eliminate the applicability of certain provisions of the Administrative Procedure Act to housing and business loan programs of the Department of Veterans Affairs.

Predatory lending schemes, under the guise of refinancing, have plagued veterans and their families for quite some time. These schemes, a painful reminder of the harmful practices seen during the housing boom, are targeting thousands of veterans and their families nationwide. Examples of these exploitations involve chronic refinancing that creates large fees for lenders, but leave veteran homeowners in dreadful shape financially. Lenders are luring veterans in with lower monthly payments and "official looking" marketing materials resembling DOD documents. Frequently, veterans end up in negative-equity positions, owing more on their loan balance than their house is worth.

A recent analysis found numerous instances where veterans were influenced to shift from a long-term fixed-interest rate to a lower-rate short-term adjustable in which the principal amount owed to the lender jumped by thousands of dollars.<sup>7</sup> In an average refinancing of this type, veterans added \$12,000 of debt to reduce their monthly payment by \$165, which could result in negative equity.<sup>8</sup>

The Administrative Procedure Act (APA) governs the process by which federal agencies develop and issue regulations. The APA exempts most loan programs from the formal rule making provisions, which includes requirements for publishing notices of proposed and final rulemaking in the Federal Register, and provides opportunities for the public to comment on notices of proposed rulemaking. The APA requires most rules to have a 30-day delayed effective date. In addition to setting forth rulemaking procedures, the APA addresses other agency actions such as issuance of policy statements, licenses, and permits. It also provides standards for judicial review if a person has been adversely affected or aggrieved by an agency action.

Title 38, U.S.C. requires the Secretary of VA to issue official regulations related to the home loan program, which gives the VA less flexibility. For instance, the VA home loan program is unable to react swiftly enough to predatory refinancing practices because VA must issue formal regulations each time. This draft bill would allow the home loan program to create changes without rulemaking, fixing the current law to provide the Secretary of VA a greater flexibility to avoid issuing regulations related to home loans.

The goal of enacting this bill would be to ensure that servicemembers and veterans have the proper protections from predatory lending schemes. The American Legion believes this bill would take a positive step towards limiting this kind of scheme that is affecting too many of our nation's heroes.

Through Resolution No. 329: Support Home Loan Guaranty Program, The American Legion supports any administrative and/or legislative efforts that will improve and strengthen the Loan Guaranty Service's ability to serve America's veterans.<sup>9</sup>

<sup>6</sup>The American Legion Resolution No. 318 (2016): Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education.

<sup>7</sup>[https://www.washingtonpost.com/realestate/agency-warns-that-questionable-refinancings-may-be-costing-veterans-big-money/2017/09/25/00955ff4-a208-11e7-b14f-f41773cd5a14-story.html?utm\\_term=.6090a1903d3c](https://www.washingtonpost.com/realestate/agency-warns-that-questionable-refinancings-may-be-costing-veterans-big-money/2017/09/25/00955ff4-a208-11e7-b14f-f41773cd5a14-story.html?utm_term=.6090a1903d3c)

<sup>8</sup>Id.

<sup>9</sup>The American Legion Resolution No. 329 (2016): Support Home Loan Guaranty Program.

The American Legion supports this draft bill.

#### **Draft Bill**

To amend title 38, United States Code, to provide for the designation of State approving agencies for multi-State apprenticeship programs for purposes of the educational assistance programs of the Department of Veterans Affairs.

The Post-9/11 GI Bill offers living stipends to nonstudents who seek on-the-job training (OJT) or apprenticeships. Their inclusion dates back to the original GI Bill, where over 2 million World War II veterans utilized this benefit for on-the-job and on-the-farm training. Comparatively, the Post-9/11 GI Bill has only had 27,000 veterans, or about 2% according to a 2015 GAO report<sup>10</sup>. The report recommended that VA improve outreach, ease administrative challenges, and establish outcome measures for its OJT and apprenticeship program.<sup>11</sup>

The American Legion agrees with the GAO's recommendations, but advises that administrative challenges must be eased before outreach and outcome measures can be conducted. No amount of marketing or salesmanship can make up for a flawed program, and initial feedback suggests that reforms are needed.

The American Legion believes it is irresponsible for the Department of Veterans Affairs to focus on outreach and outcome measures of the GI Bill for apprenticeships while these concerns remain unaddressed. Promoting a flawed program has the potential to poison the good will that our nation's employers have for servicemembers and veterans, accomplishing the exact opposite of the VA's mission to honor America's veterans.

This draft bill is an important first step to addressing the problems with Post-9/11 GI Bill Apprenticeship program, by streamlining approval for organizations with multi-state apprenticeship programs. Under current law, Registered Apprenticeship programs must be approved by all of the State Approving Agencies they are operating in order to be deemed eligible for GI bill use. This extra step in the process clouds the use of these funds for Registered Apprenticeship programs. Companies operating in several states can be vulnerable to these different interpretations, adding opportunity costs, and financial uncertainty. Through designating the state approving agency in which the headquarters of the apprenticeship program is located the authority for approving all state locations, this effort can be streamlined.

Through Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education, the American Legion supports any legislative or administrative proposal that improves the GI Bill.<sup>12</sup>

The American Legion supports this draft bill.

#### **Draft Bill**

To amend title 38, United States Code, to make certain improvements to the use of educational assistance provided by the Department of Veterans Affairs for flight training programs.

The American Legion supports measures to improve cost control for flight programs offered by colleges and universities. In 2015, The Los Angeles Times exposed that some institutions of higher learning had instituted extreme costs for flight fees as there are presently no caps in place for public schools.<sup>13</sup> Since that time, increased oversight from the Department of Veterans Affairs and State Approving Agencies (SAAs) has resulted in lowered overall expenditures for flight training to \$48.4 million in 2016, from a height of \$79.8 million in 2014.

Among the external factors responsible for this reduction was a 100% compliance survey conducted by SAAs in 2015 that resulted in 12 suspensions and withdrawals; largely due to violations of the 85-15 rule. However, the mandate to micromanage flight programs is unsustainable, even as institutions learn to adjust to the requirements while hedging veteran credit enrollment. For these reasons The American Legion believes that a solution is still necessary to ensure that the Post-9/11 GI Bill and the Harry W. Colmery GI Bill remain an honorable investment of public dollars.

This obligation must be measured with the responsibility that our nation has to veterans using the Post-9/11 GI Bill who aspire to careers in aviation. Legislation that caps the maximum GI Bill amount per year for flight would have the inevitable

<sup>10</sup> United States, Government Accountability Office. "Increasing Outreach and Measuring Outcomes Would Improve the Post-9/11 GI Bill On-the-Job Training and Apprenticeship Programs" [GAO-16-51]

<sup>11</sup> Id.

<sup>12</sup> The American Legion Resolution No. 318 (2016): Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education.

<sup>13</sup> U.S. taxpayers stuck with the tab as helicopter flight schools exploit GI Bill loophole - March 15, 2015 <http://www.latimes.com/nation/la-me-adv-gibill-20150315-story.html#page=1>

consequence of discouraging pursuit of this vocation, with greater debt incurred by veterans and servicemembers who remain committed.

This draft legislation takes both of these considerations into account in language that sets a specific cap and provides the option for veterans to elect to spend remaining months of entitlement to accelerate payments at a rate of up to twice the amount for tuition and fees. As a practical example, suppose a veteran enrolls in a flight program costing \$45,700 in tuition and fees. This draft bill would cap their GI payment at \$22,850 (the maximum 2017 amount per private schools), leaving them to pay for half. The veteran can then elect to have the GI Bill cover the remainder by accelerating his GI Bill payments for 12 additional months, covering the full cost of tuition.

This would appear to alleviate concerns for discouraging pursuit of aviation, while putting the choice in the hands of the veteran for how to appropriately allocate their GI Bill. The American Legion commends the Committee for this measured approach, and is encouraged by the cost savings that have been made at aviation programs.

In order to consider support, The American Legion calls for all cost-savings projected by this measure to be returned to VA education programs. Absent this, and with no resolutions addressing the provisions of the legislation, The American Legion is researching the material and working with our membership to determine the course of action which best serves veterans.

The provisions in this bill fall outside the scope of established resolutions of The American Legion. As a large, grassroots organization, The American Legion takes positions on legislation based on resolutions passed by the membership. With no resolutions addressing the provisions of the legislation, The American Legion is researching the material and working with our membership to determine the course of action that best serves veterans.

The American Legion has no current position on this Draft Bill and will bring this issue to our committee for additional review.

#### **Draft Bill**

To authorize the Secretary of Veterans Affairs to make grants to eligible organization for the provision of transition assistance to member of the Armed Forces recently separated from active duty service.

The American Legion supports this bill as drafted because it would bolster the services and programs for transitioning servicemembers that lead to gainful employment and financial stability. By placing veterans in suitable employment, the country benefits from increased income tax revenue and reduced unemployment compensation payments. Having adequate assistance for transitioning servicemembers is a tremendous value for both the transitioning veteran and America.

The American Legion recognizes that in spite of the employment assistance available through already existing resources and platforms, many veterans still face difficulties transitioning quickly and successfully to the civilian workforce. In fact, unemployment is slightly higher among veterans than non-veterans of similar age (25–34).<sup>14</sup> A good job is often the difference between a veteran having feelings of well-being or worthlessness. Depression, which can often be substantially alleviated by having a good job, is recognized as a significant contributor to the extraordinary number of suicides, level of drug use, and instances of aberrant behavior, which tend to disproportionately affect our veteran population.

Furthermore, The American Legion believes that by strengthening American veterans, we in turn strengthen America. Approximately 250,000 servicemembers leave the military each year. Recently separated service personnel will seek immediate employment, or increasingly, have chosen some form of self-employment.

Through Resolution No. 70: Improve Transition Assistance Program, The American Legion supports helping servicemembers transition to civilian life and find gainful employment.<sup>15</sup>

The American Legion supports this draft bill.

#### **Conclusion**

The American Legion thanks this committee for the opportunity to explain the position of the over 2 million veteran members of this organization. For additional information regarding this testimony, please contact Mr. Larry Lohmann, Assistant Director of the Legislative Division at The American Legion, at (202) 861–2700 or [llohmann@legion.org](mailto:llohmann@legion.org).

<sup>14</sup> <https://content.govdelivery.com/attachments/USVAVBA/2017/10/06/file—attachments/892299/BLS—Employment—Data—September—2017.pdf>

<sup>15</sup> The American Legion Resolution No. 70 (2016): Improve Transition Assistance Program.



**Prepared Statement of William Hubbard**

LEGISLATIVE HEARING ON THE TOPIC OF:

“PENDING LEGISLATION”

Chairman Arrington, Ranking Member O'Rourke and Members of the Committee: Thank you for inviting Student Veterans of America (SVA) to submit our testimony on legislation pending before this body. With nearly 1,500 chapters representing over 1.1 million student veterans in schools across the country, we are pleased to share the perspective of those directly impacted by the subjects before this committee.

Established in 2008, SVA has grown to become a force and voice for the interests of veterans in higher education. With a myriad of programs supporting their success, rigorous research on ways to improve the landscape, and advocacy throughout the nation, we place the student veteran at the top of our organizational pyramid. As the future leaders of this country, fostering the success of veterans in school is paramount to their preparation for productive and impactful lives.

We will discuss the value and role of apprentice experiences in the transition process for some service members, the need to address on-going challenges associated with flight training programs, and the importance of getting the Transition Assistance Program (TAP) right for the hundreds of thousands of servicemembers separating from the military each year.

Our National Veteran Education Success Tracker (NVEST) research demonstrates that the GI Bill has a high return on investment for veterans and the country—a program worth ensuring for all generations to come.<sup>1</sup> As the most recently transitioned generation of veterans, student veterans are ambassadors to the all-volunteer force, and recognize the value of this long-term investment.

As a higher education organization, our focus is on training and education; two proposals before this body are outside of our scope of expertise, and we will reserve comment on each, including H.R. 815, To amend title 38, United States Code, to adjust certain limits on the guaranteed amount of a home loan under the home loan program of the Department of Veterans Affairs, and Draft Bill, To amend title 38, United States Code, to eliminate the applicability of certain provisions of the Administrative Procedure Act to housing and business loan programs of the Department of Veterans Affairs.

**H.R. 3018, the Veterans' Entry to Apprenticeship Act**

The Post-9/11 GI Bill is primarily used for higher education at two and four-year programs, typically for associates and bachelor's degrees. Still, a small percentage of GI Bill dollars since 2008 have been invested in apprenticeship programs. Though more than half of all separating servicemembers go to school after exiting the military, a few transitioning servicemembers take the opportunity to pursue apprenticeship programs in skilled labor fields, which continue to be a component of jobs for veterans as they enter civilian life.

This bill, the Veterans' Entry to Apprenticeship Act, proposes authorizing veterans to use their GI Bill benefits at participating pre-apprenticeship programs compliant with state standards and sponsorships with Registered Apprenticeship Programs under the Department of Labor (DoL). DoL's Employment and Training Administration (ETA) defines a pre-apprenticeship as, “a program or set of strategies designed to prepare individuals to enter and succeed in a Registered Apprenticeship program.”<sup>2</sup>

Since original introduction of the legislation, unemployment rates have dropped over 4% to a historic low since 2001, now at 3%, or near full-employment<sup>3</sup>. While well-intended, SVA opposes this vague standard, and the overall proposal as such an opportunity does not even exist for higher education students, such as remedial courses or SAT and ACT testing. There are multiple reasons for maintaining these valuable benefits for core training, such as actual apprenticeship and higher education opportunities.

<sup>1</sup> Cate, C. A., Lyon, J. S., Schmeling, J., & Bogue, B. Y. (2017). National Veteran Education Success Tracker: A report on the academic success of student-veterans using the Post-9/11 GI Bill. Washington, D.C.

<sup>2</sup> Department of Labor, <https://www.doleta.gov/OA/preapprentice.cfm>

<sup>3</sup> Department of Labor, Employment Rate, <https://www.dol.gov/vets/newsletter/pdf/September-2017-VETS-Monthly-Employment-Overview.pdf>

Pre-requisite requirements are often significantly more affordable, and using the benefits too soon can be the waste of a valuable earned commodity. For example, many students choose to take their first several years of education at a community college to preserve the benefit for later use. Affording the opportunity to use valuable GI Bill benefits for pre-requisites reduces the GI Bill to little more than a housing stipend—the practical use for the benefit in the case of this proposed legislation.

The data to demonstrate a demand for this change is unclear, and coupled with the long-term negative effects on the program illustrate our concerns with this bill. Additionally, the current legislation uses as a basis of approval, “the curriculum of the program is approved by a sponsor and the sponsor certifies to the Secretary that the program will prepare an individual with skills and competencies needed to enroll in a registered apprenticeship program.”<sup>4</sup> This vague standard is easily exploitable, with very few government resources available to enforce quality standards.

SVA looks forward to working closely with this committee and its members to develop alternative solutions to address the potential rare instances where such a proposal may be beneficial.

#### **H.R. 3634, Securing Electronic Records for Veterans’ Ease (SERVE) Act of 2017**

For student veterans entering higher education after service, life can be quite different when compared to the traditional 18–22-year-old students. More than 40% of student veterans are between the ages of 25–34, and living in the dorms is not the preferred housing arrangement.<sup>5</sup> For those who choose to live outside of campus housing, demonstrating proof of income is a standard requirement to meet for most rental options. Unfortunately, many landlords do not recognize the housing stipend (BAH) as a form of income to be applied to rental worthiness.

This legislation proposes requiring the Department of Veterans Affairs (VA) to furnish students a statement of income for housing purposes based on their anticipated BAH payments. This is a common-sense solution that could easily solve a minor policy oversight that disproportionately affects student veterans with a tremendous burden. SVA is in strong support of this legislation.

#### **DRAFT - To amend title 38, United States Code, to make certain improvements to the use of educational assistance provided by the Department of Veterans Affairs for flight training programs.**

For years, there have been examples of fraud, waste, and abuse within flight programs taking advantage of GI Bill resources. Former Chairman of the House Veterans Affairs Committee, Jeff Miller, perfectly captured the issue in a remark last year as he stated, “The GI Bill flight school loophole is so big you could fly a 747 through it.”<sup>6</sup> While some veterans choose to pursue a vocation in flight programs, these programs continue to operate at levels requiring vastly more resources than limits on vocational training costs.

VA data shows that while the number of students taking flight training went up by only 171 students, or 9%, between FY2013 and FY2014 the total cost to taxpayers for this program grew by \$37 million, or 87%, during this same period. This data also showed in one case VA paid over \$534,000 in tuition and flight payments for one student for one year.<sup>7</sup> These costs were never assumed as part of the Post 9/11 GI Bill and must be examined. One can only attribute such a huge increase in flight training benefit costs to schools that saw a loophole that allowed them to increase their training costs.

Veterans who desire a career in aviation should be able to achieve those goals, and not at the expense of the sustainability of the overall program. VA currently affords a maximum of roughly \$13,000 for vocational flight training programs<sup>8</sup>, yet many programs continue to exploit the loophole of operating through public and private programs, thereby undercutting the intent of the law for these programs. Some programs allege that flight training is more expensive by the inherent costs of the equipment, yet many examples of programs exist that do not have skyrocketing costs.

<sup>4</sup>H.R. 3018 legislative text, page 2, <https://www.congress.gov/115/bills/hr3018/BILLS-115hr3018ih.pdf>

<sup>5</sup>U.S. Census Bureau. (2015). American Community Survey 1-year estimates.

<sup>6</sup>International Business Times, <http://www.ibtimes.com/gi-bill-flight-school-benefits-could-be-slashed-congress-amid-tuition-loophole-2294612>

<sup>7</sup>Department of Veterans Affairs, <http://www.benefits.va.gov/GIBILL/docs/job-aids/ComparisonToolData.xlsx>

<sup>8</sup>Department of Veterans Affairs, <https://www.benefits.va.gov/GIBILL/resources/benefits-resources/rates/ch33/ch33rates080117.asp>

This legislation closes the flight loophole by redesignating flight training from public institutions, and SVA supports this change; we believe the standard cap of approximately \$13,000 should be applied as the limit, in compliance with the intent of congress and the spirit of the law. It is worth noting that many of these programs cite a national shortage of pilots as the justification for this training; the shortage exists within fixed wing aviation (planes), whereas, the vast majority of these programs are training students in rotor wing (helicopters), for which there is no shortage of pilots. High cost programs for low paying jobs is a model that is difficult to support.<sup>9</sup>

This legislation proposes to compress the rate of benefits, with two months of benefits being offered for everyone month of use and seeks to address the claims that these programs have a higher cost. Despite the intent behind this change, SVA maintains that flight programs should not receive double the benefits as the most expensive private schools in the country. While we believe this is an overly generous proposal, we understand the intent and will support the committee's efforts to strike a reasonable balance if this bill moves forward.

For programs that cost more than the cap that the committee is proposing, SVA recommends that programs consider use of the Yellow Ribbon Program, just as schools that cost more than the private school cap of \$22,800 do<sup>10</sup>. To say that these resources are not enough to cover the costs of the program simply indicates that the value of these programs is questionable at best; programs that are truly valuable will attract an investment from individuals if they have such enormous career prospects.

We thank this committee and its members for addressing the long-overdue challenges of the flight school loophole, and hope to find an agreement that can close this loophole, preventing further abuse of the GI Bill.

**DRAFT - To authorize the Secretary of Veterans Affairs to make grants to eligible organizations for the provision of transition assistance to members of the Armed Forces recently separated from active duty service.**

It is important to understand the population of transitioning servicemembers as they exit the military. For example, servicemembers report that the military service experience promoted an interest in pursuing education.<sup>11</sup> So, when servicemembers transition out of the military, it is unsurprising that the majority go to school. Yet, the Transition Assistance Program (TAP), continues to maintain a heavy emphasis on employment, and underemphasizes the importance of preparing veterans for a transition to college. The intention of this legislation is to provide a grant for services offered to prepare veterans for employment as a supplement to the TAP training.

With unemployment rates hitting historic lows we believe this funding would be more valuable if spent, at least in-part, on providing veterans with college selection services and training.<sup>12</sup> When a veteran leaves the military at an average age of 26 years old, it is unlikely that she or he will return to their high school for guidance and support. Additionally, since two-thirds of student veterans are first-generation college students, they do not have the family support and institutional knowledge about making an informed decision about college.

Since a majority of student are in-fact going directly to school, we propose incorporating relevant services for soon-to-be student veterans as a component of this legislation. We look forward to working with this committee in refining this legislation, and providing out full support in seeing its passage.

**DRAFT - To amend title 38, United States Code, to provide for the designation of State approving agencies for multi-State apprenticeship programs for purposes of the educational assistance programs of the Department of Veterans Affairs.**

As mentioned, SVA recognizes the use of the Post-9/11 GI Bill for registered apprenticeship opportunities through DoL. As a small percentage of veterans seek apprenticeships after separating from the military, the opportunity often receives very little attention. Many veterans who served in physically demanding roles while in the military decide to pursue degrees in higher education, allowing them to enter

<sup>9</sup>New York Times, "Plenty of Passengers, but Where Are the Pilots?", <https://www.nytimes.com/2016/04/17/opinion/sunday/plenty-of-passengers-but-where-are-the-pilots.html>

<sup>10</sup>ibid

<sup>11</sup>Institute for Veterans and Military Families, Student Veterans of America, "Student Veterans: A Valuable Asset to Higher Education", <https://ivmf.syracuse.edu/wp-content/uploads/2017/09/Student-Veterans-Valuable-9.8.17-NEW.pdf>

<sup>12</sup>ibid, Department of Labor, Employment Rate

the workforce in a field entirely unrelated to their prior military occupation, but still utilizing their soft skills such as leadership, mission accomplishment, and adaptability.

Similar to SVA's research on the use of the Post-9/11 GI Bill with NVEST, it would be prudent to perform similar study of the use and impact of the apprenticeship opportunities. Without such data, it is difficult to determine the effectiveness or outcomes of these programs. Assuming the programs do have reasonably beneficial outcomes, this legislation is a common-sense solution to allowing companies to work with the State Approving Agencies (SAA)<sup>13</sup> of a single state, versus requiring approval in all 50 states for companies that cross multiple borders.

The importance of including the SAAs as an approval authority in the process of reviewing these programs cannot be overstated. As the metaphorical watchdogs of the GI Bill, the SAAs provide an important quality check on all programs approved for use of GI Bill funds. However, SAAs maintain expertise primarily in higher education, and maintain reviewers with specific apprenticeship expertise for the staff of each SAA is worth consideration.

The legislation before this body specifically addresses critical areas of policy for veterans as it relates to economic opportunity. The importance of economic opportunity is that it is the key to unlocking the potential leadership that veterans afford the country. Having been through rigorous training and tested under demanding conditions, veterans outperform their civilian peers in many aspects, especially education. From our NVEST data, we know that by nearly any academic standard, veterans are succeeding at higher rates than their traditional peers.

Unfortunately, the story of success for veterans is often left untold due to the structure of various institutions with the ability to highlight their success. We are thankful that this committee pays such particular attention to the importance of economic opportunity policy. Indeed, tools of economic opportunity fuel successful transitions from the military to civilian life; these tools afford veterans who earned the right to go to school the opportunity to excel in higher education; they provide opportunities to own homes, businesses, and provide a better life for families.

However, economic opportunity policy is often buried within the bureaucracy of various entities beyond this body. For example, we have witnessed the exceptional efforts of many dedicated Americans serving DoL in the Veterans' Employment and Training Service (VETS)<sup>14</sup> office, yet it is unclear as to whether the office is given the priority it deserves. At VA, discussion of the GI Bill or any other economic opportunity tool is the last topic on the agenda for any veteran service organization meeting, if discussed at all; yet over \$75 billion has been invested in student veterans through the GI Bill<sup>15</sup> -not an insignificant amount by any measure.

Some veterans face challenges as servicemembers in the military and through their transition. The challenges that some face, however, should not be a reason to shy away from the success of millions of veterans. Thanks to organizations like Got Your 6<sup>16</sup>, the USO<sup>17</sup>, Raytheon<sup>18</sup>, the Bill & Melinda Gates Foundation<sup>19</sup>, the Lumina Foundation<sup>20</sup>, and dozens of other incredible people, a message of veteran empowerment is beginning to find its way to the consciousness of the American public. Government is slow to catch-up, but we believe this Administration has the power to elevate the importance and potential of economic opportunity for veterans.

We thank the Chairman, Ranking Member, and the Committee members for your time, attention, and devotion to the cause of veterans in higher education. As always, we welcome your feedback and questions, and we look forward to continuing to work with this committee and the entire congress to ensure the success of all generations of veterans through education.

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<sup>13</sup>National Association of State Approving Agencies, <http://nasaa-vetseducation.com/About.aspx>

<sup>14</sup>DoL VETS, <https://www.dol.gov/vets/aboutvets/aboutvets.htm>

<sup>15</sup>Department of Veterans Affairs, Total Expenditures, <https://www.benefits.va.gov/REPORTS/abr/ABR-Education-FY16-03022017.pdf>

<sup>16</sup>Got Your 6, <https://gotyour6.org/about/who-we-are/>

<sup>17</sup>The USO, <https://www.uso.org/about>

<sup>18</sup>Raytheon, <http://www.raytheon.com/responsibility/armed-services/>

<sup>19</sup>Bill & Melinda Gates Foundation, <https://www.gatesfoundation.org/How-We-Work>

<sup>20</sup>Lumina Foundation, <https://www.luminafoundation.org/our-work>

**Statements For The Record****HELICOPTER ASSOCIATION INTERNATIONAL****Submitted by: Matthew S. Zuccaro**

President / CEO

Chairman Arrington, Ranking Member O'Rourke, and Members of the Subcommittee, Helicopter Association International (HAI) thanks the subcommittee for holding a hearing on the important issue of educational assistance provided to veterans for flight training.

HAI unequivocally supports financial assistance to veterans for flight training programs. With this help, veterans receive the training necessary to transition to a career in the civilian aviation industry.

From a personal perspective, I know the life changing effect the Veterans flight training program can have on one's life. Upon my return from Vietnam as an Army helicopter pilot I utilized the Veterans flight training program to expand my overall piloting capabilities. That action had a direct beneficial effect on my 50-year aviation career.

The U.S. civilian general aviation sector generates more than one million jobs and more than \$200 billion for the nation's economy - and it is seeking pilots. Today's flight training programs prepare tomorrow's pilots of police and firefighting helicopters, air ambulances, charter and corporate aircraft, and airliners.

Being a civilian commercial pilot is a rewarding career. However, it requires thorough, in-depth, and complex training. Learning to fly a helicopter is even more expensive than fixed-wing training because of the high costs associated with operating a complex rotorcraft.

HAI believes that that as a nation, we have an obligation to meet the needs of veterans by keeping the promises made to them, including providing financial assistance to help them achieve their educational goals. We applaud the members of the Veterans' Committee for their efforts to ensure veterans receive the benefits they have earned by stepping forward in our nation's defense.

HAI's goal is to ensure an outcome that supports veterans in their transition to the civilian economy while endorsing the creation and administration of fiscally sound, flexible, and responsive flight training benefit programs for this deserving group.

HAI supports the need for improved fiscal responsibility by the government and strongly supports tightening the existing regulations of the Department of Veterans Affairs (VA) to curb recent abuses by a minority of flight schools affiliated with collegiate degree programs. We applaud the committee's determination to strike a balance between providing opportunity for veterans while controlling excessive costs.

HAI also supports congressional efforts to provide greater flexibility and more efficient funding mechanisms to help veterans complete their flight training. Long industry experience has demonstrated that flight training over a shorter time is more economical and effective for the student pilot than the same amount of training over an extended period. Consideration of accelerated payments is one option that allows veterans a more effective and economical path to flight training.

Caps on payments for flight training tuition and fees unfairly impact the ability of veterans to pursue well-paying jobs in the civilian aviation sector. These caps deprive them of the ability to pursue collegiate flight training, a common path to a career as a commercial helicopter pilot.

Tools like the Yellow Ribbon Educational Enhancement Program (YRP) are helpful in offsetting costs that exceed current VA educational caps. Participating institutions agree to cover a portion of the difference between the tuition and the amount of VA coverage. The VA matches the institution's contributions to further reduce or eliminate the veteran's out-of-pocket expenses.

This program would not be necessary if caps on flight training were removed. However, with caps in place, YRP can be an effective tool to extend the resources available to veterans.

Finally, HAI supports allowing VA benefits to be used for veterans as they train to obtain a private pilot license. Obtaining this certificate is the required first rung on the ladder to a career as a commercial pilot. Placing this financial stress solely on our veterans means fewer and fewer will be able to pursue a commercial helicopter pilot career.

Requiring veterans to cover the costs associated with their private pilot license is a discriminatory financial burden that most veterans can ill afford. Removing this

financial impediment would be a positive step toward providing veterans with the tools they need to transition to a civilian aviation career.

HAI applauds today's dialogue and discussion. We appreciate the leadership's willingness to listen to our perspective and consider our position. HAI remains committed to working with the Veterans' Affairs Committee and all of Congress to ensure our nation delivers on its commitment to our veterans who have honorably and unselfishly served our nation.

#### **H.R. 3108**

10.11.17 Testimony re: H.R. 3018, Veterans' Entry to Apprenticeship Act to the HVAC Subcommittee on Economic Opportunity

Subcommittee Chairman Arrington, Ranking Member O'Rourke, and members of the subcommittee on Economic Opportunity: thank you for having me here today to speak about an issue of immense importance to our servicemembers: the transition from service life to civilian life. Having served in the United States Air Force myself for 26 years, I know how difficult it can be to navigate the job search as a private citizen. My bill, the Veterans' Entry to Apprenticeship Act (H.R. 3018), will ease this process for our outgoing servicemembers by allowing them to use the education benefits they have already earned to participate in pre-apprenticeship programs that are proven to increase the likelihood of gainful employment. At a time when our veterans are seeing daunting rates of underemployment and our national skills-based workforce is shrinking, we must find creative solutions to bolster the resources we are offering our veterans.

The Bureau of Labor Statistics estimates that, in 2016, the annual unemployment rate for post-9/11 veterans was 5.1 percent, compared to the national average of about 4.6 percent.<sup>1</sup> Although we have seen unemployment rates decrease veterans overall since 2011, their rate of underemployment is actually increasing. In fact, in 2016, more than 27,000 veterans were getting help from grantees - a 23 percent growth over 2015.<sup>2</sup> In other words, while more veterans are finding jobs, they aren't finding the right jobs that allow them to take care of their families, advance their careers, or find new career paths. Many veterans today have to work two or even three jobs just to make ends meet.

What's worse is that we know that businesses and organizations want to hire veterans. According to a 2016 report by the U.S. Chamber of Commerce's Hiring Our Heroes program found that veterans were ranked third on employers' list for priority recruitment, behind women and candidates with advanced degrees. But while evidence shows that businesses across the country want to hire and train veterans, many cannot attract untrained veterans to their programs due to basic fees the veterans are unable to pay out of pocket after they return from service.

Additionally, our nation is facing a growing shortage of qualified skills-based and trade-based workers. According to a study conducted in 2012, 53 percent of skilled US workers were 45 years or older and 20 percent were over the age of 55. This shortage is even greater for employees in highly technical fields, like cybersecurity.

It's imperative that we attract a new, younger workforce willing to apply themselves in these highly technical fields if we hope to remain competitive in the global economy.

A way to fix this problem is to make it easier for veterans to take advantage of apprenticeship programs in skills-based fields. In particular, the Department of Labor has endorsed pre-apprenticeship programs as a path to helping individuals learn about new careers, acquire new, trade-based skills, qualify to meet minimum standards for other federal apprenticeship programs, and get a leg-up on apprenticeship applications.

However, currently, GI Bill benefits may not be used to supplement the cost of Department of Labor approved pre-apprenticeship training in skilled industries. This simply does not make any sense.

the Veterans' Entry to Apprenticeship Act would remedy this issue by requiring the Department of Veterans Affairs to allow post-9/11 GI Bill benefits to be used to cover costs of pre-apprenticeship programs in addition to apprenticeship programs.

This is a common sense step that would provide veterans with additional resources to acquire new skills, give businesses a cost-effective path to a younger, willing workforce, and provide a pipeline of new workers in highly technical fields for the future workforce.

<sup>1</sup> BLS, 2016

<sup>2</sup> Military Times, March 2017

With an increasing number of post-9/11 veterans looking to enter the workforce and an estimated 453,000 veterans facing unemployment, now is the perfect time to encourage our warfighters to pursue careers in high-demand occupations. Expanding job training opportunities for veterans not only makes sense for our veterans, but is also a win for businesses.

Again, thank you for allowing me to speak on this important issue for our veterans and for our national economy. Additionally, I would like to thank the 13 other cosponsors, many of which are members of this committee, as well as the various outside groups including: the National Guard Association of the United States, the Reserve Officers Association, the Enlisted Association of the National Guard of the United States, the National Roofing Contractors Association, the National Association of Home Builders, and the Associated General Contractors of America for their support.

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#### **ADDENDUM: EXTENDED REMARKS OF REP. JIM HIMES (CT-04)**

“H.R. 3634, the Securing Electronic Records for Veterans’ Ease (SERVE) Act”

Thank you Chairman Arrington, Ranking Member O’Rourke for the opportunity to extend my remarks on H.R. 3634, the Securing Electronic Records for Veterans’ Ease, or SERVE Act.

H.R. 3634 would require the Department of Veteran Affairs make documentation of Post-9/11 GI Bill monthly housing stipend accessible and available online. Student veterans will use this documentation to provide needed verification to housing agents, leasing companies, apartment managers, and landlords.

During the second panel of the testimony on Wednesday, October 11th, MG (Major General) Robert M. Worley II (Ret.) stated that the VA supported the intent of the bill, but similar information is currently available in a recently launched Statement of Benefits letter, which is printable and accessible through Vets.gov. It was further explained that the letter provides a link to the amount of a veteran’s monthly housing stipend and other benefits and eligibility information under the Post-9/11 GI Bill.

The intent of this bill is to provide our veterans with a letter that can certify that they receive the Post-9/11 GI Bill BAH stipend, something that a reasonable person would consider to qualify as proof of income (POI). The statement of benefits available to veterans is insufficient.

To illustrate this point I submit for the record documents from the VA’s websites -Vets.gov and e-benefits- to include the Statement of Benefits letter that MG Worley II referenced during his testimony, as well as a benefit verification letter that provides documentation verifying disability compensation.

The VA’s new Post-9/11 GI Bill Statement of Benefits letter (Exhibit A.1) contains the veteran’s name, date of birth, file number, eligibility percentage, total months of benefits earned, the number of months used, the number of months remaining and the date in which the benefits will expire. This information has no value for a student who needs proof that they receive a housing stipend. It does not even clarify if the veteran is currently receiving benefits.

The hyperlink “find out how much money you can expect to get based on your eligibility percentage” takes the veteran to the GI Bill Comparison tool (Exhibit A.2). This tool is not linked to the veteran or their individual statement of benefits. In fact, the tool has multiple, drop- down menus to select military status; GI Bill benefit; amount of cumulative Post-9/11 active duty service; class preference; and a search box with input for a zip code, a school, location or employer to search benefits information not based on or associated directly with the veteran. Entering the zip code for Washington, D.C. lists benefits based on the academic institution (Exhibit A.3). The result says “You may be eligible for up to: Tuition (annually) 100% in-state, Housing (monthly) \$2312, Books (annually) \$1000.” Though this is an excellent planning tool to allow veterans to weigh their options when using their education benefits, it is abysmally lacking in terms of the VA’s testimony before the subcommittee that this information is similar to what my bill would require.

The VA benefit verification letter (Exhibit B) is easily accessible through e-benefits and serves as the reference point for Sec. 2 of H.R. 3634 “(j) Provision of Housing Stipend Payment Information.” This letter clearly certifies the amount of money a veteran is receiving and the purpose of the benefit.

I urge the Chairman, Ranking Member, and distinguished members of the subcommittee to look at and consider the exhibits submitted.

Veterans need housing. Student veterans and other eligible beneficiaries need to have suitable proof of income in order to do this.

Again, I would like to thank the subcommittee for its consideration of the Securing Electronic Records for Veteran's Ease Act and I continue to look forward to working with the members of the committee to continue to support our student veterans.

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**HONORABLE LEE M. ZELDIN**

**H.R. 815 WRITTEN TESTIMONY**

Thank you Mr. Chairman for holding this hearing today. Supporting our nation's veterans is a responsibility we all share. These brave men and women repeatedly answered the call to service to ensure the safety and security of our country and protect our democratic values. Not only do we owe our veterans gratitude and respect for the sacrifices they made, we have a duty to provide them with meaningful support to pursue the American Dream they honorably protected, a cornerstone of which is home ownership.

The U.S. Department of Veterans Affairs ("VA") loan program, originally part of a national effort to move from a wartime economy to a peacetime economy and assist returning wartime veterans with readjustment to civilian life, remains one of the most powerful home loan programs on the market for service members, veterans and military families today. The greatest single benefit of this program is that qualified borrowers can purchase a home without having to make a down payment provided the loan falls within the statutory loan guaranty limit. This is a tremendous financial advantage. Saving money for a down payment and building credit can be difficult for service members and their families who are constantly on the move and are often one income families. VA guaranteed home loans include significant benefits that open the doors of home ownership to veterans who might otherwise be unable to secure financing for such a purchase.

In 2008, the Veterans' Benefits Improvement Act, (Public Law 110-389), Section 501, increased the VA's maximum loan guaranty amounts. Under this provision, conforming maximum loan guaranty amounts ranged from a base of \$417,000 to a high-cost-area limit of \$625,500 and enabled veterans more flexibility to choose homes in locations that were best suited to the needs of their families. Public Law 110-389 expired in 2014, resetting the VA's effective loan guaranty amount to those established by the Federal Housing Finance Agency (FHFA) - approximately \$424,100 in most parts of the country. Under the current law, veterans who lack the savings to meet a down payment requirement for loans outside the parameters of the statutory loan guaranty limits, but are otherwise financially able to make the mortgage payments and meet the VA residual income test are barred from purchasing homes that best meet the needs of their families. The current geographic loan guaranty limit prevents veterans from purchasing homes that are in the best interests of their families.

According to the VA, 705,474 loans were guaranteed in FY2016 with an average loan amount totaling \$253,243. In my home district of Suffolk County, the median sale price of residential real estate ranges from \$365,000 across the district to \$1 million or more for homes located on the eastern end of Long Island.

It is important to note here that VA loans have the lowest foreclosure rate of any other mortgage type in the United States. The low foreclosure rate may be largely due in part to the VA's residual income test requirement and tight property inspection restrictions at the loan approval phase ensuring that the veteran applicant can meet mortgage payments and still fulfill other financial obligations. In addition, the VA offers supplemental servicing assistance and can take an active role in interceding with the loan servicer on behalf of the veteran to explore all options to avoid foreclosure in the event a veteran encounters problems making their monthly mortgage payments. The inherently disciplined and responsible military culture of the veteran and the concentration of VA loans in a smaller number of more experienced and better capitalized lenders may also contribute to the lower foreclosure rates for VA home loans.

H.R. 815 provides relief for veterans residing in high-cost of living areas, not only in my district but across the country. Eliminating the home loan guaranty limits and removing the statutory index to the loan limits allow veterans the ability to choose homes in neighborhoods that are best suited to the needs of each individual family. I urge all members to support this critical piece of legislation, and I thank Subcommittee Chairman Arrington for his leadership on this issue.

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### MORTGAGE BANKERS ASSOCIATION (MBA)

**MBA Statement for the Record for “A legislative hearing on the following bills: “H.R. 815; H.R. 3018; H.R. 3634; H.R. 3949; H.R. 3965; a draft bill entitled, “To amend title 38, United States Code, to eliminate the applicability of certain provisions of the Administrative Procedure Act to housing and business loan programs of the Department of Veterans Affairs”; and a draft bill entitled, “To amend title 38, United States Code, to make certain improvements to the use of educational assistance provided by the Department of Veterans Affairs for flight training programs.”**

The Mortgage Bankers Association (MBA)<sup>1</sup> appreciates the opportunity to submit this statement for the record regarding the Subcommittee on Economic Opportunity hearing held on October 11, 2017. MBA commends Chairman Jodey Arrington and Ranking Member Beto O'Rourke for holding this important hearing to address the vital concern of veterans' access to mortgage credit. Considering their personal contributions to defending our country, veterans merit special consideration with regards to accessing capital. MBA supports Congressman Lee Zeldin's intent to allow veterans access to larger loans to help them purchase homes in high-cost areas, however we believe there are potential unintended consequences that need to be addressed to ensure the bill does not undermine the safety of the VA program.

With rising home prices in the US, the current VA loan program has not kept pace. The average VA loan amount in 2004 was for \$134,230, which is under the basic entitlement limit. However as of 2015, the average new loan balance has risen to \$238,560. A full 82 percent of VA loans now exceed the \$144,000 basic entitlement. And yet, with a default rate of 2 percent, veterans are roughly half as likely to default on their mortgage compared to the population at large, despite their lower downpayment requirements. With this in mind, addressing the opportunities and limits for this growing population of home buyers is a timely and important undertaking. Veterans living in high-cost areas such as Long Island, California, or the Washington, DC area deserve the increased access to credit necessary to be competitive in the marketplace.

However, MBA does have concerns about changing the current policy. The bill as written could allow some veterans to collect several investment properties while providing no down payment of their own. Such higher-risk uses of the VA entitlement could put both veterans and the VA program at risk. In addition, the bill does not address the need for certain servicing changes that are needed in the program today, and could be exacerbated by the proposed changes in the bill. Finally, MBA is concerned that 30 days is not adequate time to implement the policy change. Lenders will need a year to fully update their systems, processes, technology, and training.

#### No Borrowing Cap

Currently, the law limits the loan amount a veteran can receive with the VA guarantee. As it is written, H.R. 815 would eliminate this borrowing cap, potentially allowing veterans to acquire several homes, with no investment of their own capital. This incentive could lead to veterans collecting rental properties under the umbrella of their VA entitlement. Not only does such a practice go against the original purpose of the VA-guaranteed loan, but it also poses a risk to the veterans, the VA loan guaranty program, and the taxpayers that stand behind it. A downturn in the housing market or in the broader economy could have a precipitous effect on a veteran borrower's ability to repay all of his or her mortgages. MBA has no problem with veterans purchasing a new home with their unused entitlement while retaining their existing home. However, we are concerned that the bill could be used to collect multiple investment properties, rather than simply improving a veteran's purchasing power in a high cost market. Accumulation of multiple investment properties introduces new risks for veterans, the VA program, and the taxpayer that should be taken into account.

<sup>1</sup> The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: [www.mortgagebankers.org](http://www.mortgagebankers.org).

MBA urges the Committee to consider provisions that would target the expanded benefit under this bill to allow veterans to boost their purchasing power for a primary residence in certain high-cost markets. MBA would welcome the opportunity to work with the Committee to focus the bill on its intended purpose.

### **Servicing Considerations**

We also believe that this bill provides an opportunity to authorize the VA to re-examine the VA loan modification regime and improve it. VA modifications routinely offer veterans less relief and smaller payment reductions than other government-guaranteed loan programs. These challenges will only be compounded if interest rates rise. Allowing the guarantee to be used to provide loan modification relief—perhaps in a similar fashion to FHA’s partial claim—will help veterans in financial distress save their homes.

Expansion of VA’s suite of loss mitigation options is especially prudent in light of the proposed changes to the VA loan limits. These prospective changes will undoubtedly result in more potential taxpayer exposure through larger guarantees. Developing more efficient loss mitigation processes will limit these losses and provide benefits to all veterans who may run into temporary troubles in making their mortgage payments.

### **Conclusion**

We thank the members of the Subcommittee on Economic Opportunity for their attention to the VA loan program and are especially grateful to Congressman Zeldin for his leadership on addressing these important issues through his legislation. MBA recognizes that rising home prices and high-cost areas necessitate reforms to VA loan limit regulations, and we stand ready to help the Subcommittee work through these concerns. We also strongly encourage the Committee to consider amending the bill to provide VA with the authority to improve the program’s loss mitigation options. While we acknowledge its laudable intent, H.R. 815 does not yet account for the aforementioned concerns, and we look forward to addressing these issues from all sides, to protect veteran borrowers, the program, and the taxpayers that support it.

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## **VETERANS EDUCATION SUCCESS**

Chairman Arrington, Ranking Member O’Rourke, and Members of the Subcommittee:

Veterans Education Success (VES) appreciates the opportunity to share its perspective on the DRAFT legislation before the Subcommittee: To amend title 38, United States Code, to make certain improvements to the use of educational assistance provided by the Department of Veterans Affairs for flight training programs.

VES is a non-profit organization focused on protecting the integrity and promise of the GI Bill and other federal educational programs for veterans and servicemembers.

The purpose of the Post 9/11 GI Bill is to aid service members and veterans in the transition from military service into the civilian workforce. Since its inception, thousands of military-connected students have had the opportunity to take advantage of this generous benefit in hopes of increasing their economic mobility and the socioeconomic standing of their families. Unfortunately, some schools have also taken advantage of veterans benefits in a way that is less than admirable. This has been the case for certain flight schools, which is why Veterans Education Success supports the intent of this bill.

With the overall amount of GI Bill money going to flight school training dropping from \$79.8 million in 2014 to \$48.4 million in 2016, it is evident that VA has made commendable progress in tightening the oversight and execution of reimbursement of costs to flight training schools for enrolled veterans. While this work by VA is commendable, we believe this type of oversight uses valuable resources that would be better focused in other areas. Similar to the annual tuition and fees cap for private institutions of higher learning (IHL), the cap recommended in this bill offers an amenable solution, especially if schools opt to participate in the Yellow Ribbon Program.

According to data provided by VA, the average tuition for veterans attending 86 of the 102 schools that received GI Bill money for flight training in 2016 was below the \$22,800 proposed cap (the 2017/18 national maximum for private schools). For 7 of the 16 remaining schools, the cost was slightly above the cap. With this proposed bill, should these schools choose to match half of the tuition gap by partici-

pating in the Yellow Ribbon program, VA would match the other half and veterans would be able to successfully complete their training without needing to take on additional student loan debt.

Despite the large number of institutions who provide flight training at costs around \$22,800 per student per year, in FY16 the VA reported a number of schools charging \$130,000, on average. While representatives from these schools argue this type of training is costly due to high-end equipment, the cost for similar training at 61% of the schools who accepted GI Bill benefits was significantly lower. This is concerning at best. To continue to pay these schools at such high costs is not an appropriate use of tax payer money.

While Veterans Education Success supports the intent of the bill and a cap similar to that already in existence for private IHLs, we are concerned about the proposal to offer accelerated payments for those choosing to attend these schools. Accelerated payments burn through a student's benefits leaving them without the opportunity to finish a college degree. Given the availability of the Yellow Ribbon Program, VES does not believe that accelerated payments are a necessary solution to covering the extraneous costs of certain flight training programs.

We appreciate the amount of time, effort, and attention the Committee has given to ensure military-connected students receive optimal training and education for a successful career in the civilian workforce. Thank you for considering the views of VES on this important topic.

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## VETERANS OF FOREIGN WARS OF THE UNITED STATES (VFW)

BY: CARLOS FUENTES, DIRECTOR

NATIONAL LEGISLATIVE SERVICE

"H.R. 3965 AND DRAFT BILL ENTITLED, "TO AMEND TITLE 38, UNITED STATES CODE, TO MAKE CERTAIN IMPROVEMENTS TO THE USE OF EDUCATIONAL ASSISTANCE PROVIDED BY THE DEPARTMENT OF VETERANS AFFAIRS FOR FLIGHT TRAINING PROGRAMS"

Chairman Arrington, Ranking Member O'Rourke and members of the subcommittee, on behalf of the men and women of the Veterans of Foreign Wars (VFW) and its Auxiliary, thank you for the opportunity to present our views on legislation pending before the subcommittee.

### **H.R. 3965, Veterans Armed For Success Act**

The VFW has serious concerns with this legislation, which would authorize VA to provide grants to organizations who assist veterans with resume assistance, interview training, and job recruitment training, and related services to assist veterans in obtaining employment.

The VFW has a strong working relationship with VA and the Department of Labor Veterans Employment Service (DOL-VETS). While VA administers several programs to ensure veterans have successful and meaningful careers after leaving military service, the VFW believes that direct employment services should continue to be administered by DOL-VETS. That is why we are concerned that this bill would require VA to administer a new program rather than build on existing programs administered by DOL-VETS.

Furthermore, the VFW believes that this legislation would duplicate and impede efforts by DOL-VETS to assist recently discharged veterans obtain employment through its Jobs for Veterans State Grant (JVSG) program. Organizations that would like to assist veterans in obtaining meaningful post-military careers should visit a local American Jobs Center and partner with a Disabled Veterans' Outreach Program (DVOP) specialist or a Veterans' Employment Representative (LVER). Through the JVSG program, DVOPs and LVERs across the country work to connect employers seeking to hire veterans and veterans qualified to fill such positions. This includes providing the same services required by this legislation, but also ensure veterans are connected with permanent jobs, which this legislation would not do.

Instead this legislation would authorize organizations who receive grants to define what constitutes "careers". The VFW is concerned that allowing grant recipients to define what is a successful outcome would enable organization who receive grants to provide subpar services which fail to help veterans obtain meaningful careers. In fact, DOL-VETS ended a similar program called Veterans Workforce Investment Program because grantees were given large grants to help disabled veterans obtain

employment, but were unable to meet objectives or delivered negligible outcomes. The VFW urges the subcommittee to improve DOL-VETS JVSG program instead of repeating past mistakes.

**Draft Legislation to Use Educational Assistance Provided by the Department of Veterans Affairs (VA) for Flight Training Programs**

The VFW supports this legislation, which would place a cap on the amount of tuition and fees that may be paid under the Post-9/11 GI Bill for programs of education in which a public institution of higher education enters into an agreement with a private entity to provide such education. However, the VFW would like to suggest a recommendation to improve this legislation.

Currently, third party training programs that contract with public schools are able to charge unlimited fees since public schools have no set dollar amount cap. The law states only that the Post-9/11 GI Bill covers the actual cost of in-state tuition and fees. In the past couple years, it has come to light that some contracted flight training programs have charged exorbitant fees, which far exceeded the cost of an average in-state education, to profit from exploitation of this loophole. The VFW believes this loophole must be closed by placing a reasonable cap on these flight training programs.

Still, we believe that veterans should have a path to receive the training necessary to enter highly technical, high demand fields like aviation, which offer good paying jobs to those who are qualified. We also recognize that it may not be realistic for certain flight schools to provide that training within a \$22,805.34 cap per academic year. To mitigate this concern, this legislation would authorize VA to provide accelerated payments of twice the monthly entitlement amount for tuition and fees. Doing so would enable predatory institutions to continue to gouge VA and force veterans to forgo eligibility months simply because the cap for such programs is not sufficient.

For this reason, we urge the Subcommittee to authorize VA to determine what reasonable caps should be for flight training and similarly contracted training in other high demand fields, so that veterans can continue to have access to these kinds of programs, but ensure such programs offer transparency in their fee schedules and cannot simply charge the government an arbitrary rate. To ensure VA does not set unreasonable caps on contracted programs, the VFW recommends requiring VA to seek congressional approval before proposed caps are implemented.

The VFW also continues to support strict enforcement of standing VA policies, which ensures that third party contractors and their partner schools are charging appropriate fees, while continuing to offer high quality training to veterans.

