

**STATEMENT OF  
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BEFORE THE  
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES**

**May 15, 2019**

**Introduction**

Chairman Levin, Ranking Member Bilarakis and members of the Subcommittee on Economic Opportunity, I am pleased to appear before you today on behalf of the fifty-one member state agencies of the National Association of State Approving Agencies (NASAA) and appreciate the opportunity to provide comments to this committee pertaining to “Examining Mid-Semester School Closures Impact on Student Veterans,” and particularly how we can work together with federal and state agencies to protect students from substandard programs and predatory practices. I am accompanied today by our President, Mr. Mike Criscuolo.

**Role of the State Approving Agencies: Past and Present**

State Approving Agencies (SAAs) play a critical role in the administration of GI Bill® benefits. Shortly after passage of the Servicemen’s Readjustment Act of 1944, or the GI Bill of Rights, Congress, recognizing it was the responsibility of the states within our federal system of government to oversee the education of its citizens, required that each state establish a “State Approving Agency.” In response, the governor of each state designated a state bureau or department as the SAA. The SAA was to be supported through reimbursement of its expenses by the US Department of Veterans Affairs (VA). Thus evolved a truly cooperative federal-state partnership that maintains the rights of the states while monitoring and protecting a federally-sponsored program administered under the terms and conditions of federal law.

The original GI Bill, as enacted in 1944, relied on state agencies to establish standards for and to approve programs of education in which eligible individuals could use GI Bill benefits. Over time SAAs have evolved to become the primary means of assuring institutional accountability. Federal law is clear in that SAAs are the primary governmental body through which approval of education and training for Veterans’ educational benefits is to occur. With specialized authorization under the Code of Federal Regulations and state statutes, they exercise the state’s authority to approve, disapprove and monitor education and training programs. The SAA brings to this mission knowledge of state law and regulations as well as knowledge of the local environment and needs of the state. SAAs also assist the states and VA with exposing fraudulent and criminal activity involving the payment of Veteran’s benefits.

In 1948, SAA representatives met to form a professional organization to promote high professional standards, create a forum for the exchange of best practices, and to promote uniformity of purpose and practice. For more than seventy years now, NASAA has worked with our VA partners, the VSOs, and all agencies to ensure the greatest numbers of quality programs are available to those eligible for education and training benefits. We do this through our primary mission of program approval and our related efforts; compliance, oversight, training, liaison and outreach. Indeed, with the exception of federal facilities, the State Approving Agencies are the sole authority responsible for the approval of *all programs of education and training within the nation*.

### **Practice and Partnership**

Today, fifty-one SAAs in 48 states, as well as the District of Columbia and the territory of Puerto Rico (One state has two SAAs), composed of approximately 215 professional and support personnel, are supervising well over 14,000 active facilities and nearly 195,000 programs. The Subcommittee is no stranger to our fundamental role as it is the same today as when we were created by Congress. SAAs work in collaboration with the VA and our other partners to promote and safeguard quality education and training programs for Veterans and other eligible persons *and* assist the VA in preventing fraud, waste and abuse in the administration of the GI Bill. NASAA believes the primary responsibility and focus of the SAAs is, and should continue to be, to review, evaluate, and approve programs at schools and training facilities, utilizing state and federal criteria.

It is critical that, as Congress intended, each state has a SAA to protect the integrity of the GI Bill. In 2018 alone, SAAs across our nation completed over 300,000 approval actions for all of NASAA Core Functions: Approval, Compliance, Technical Assistance, Outreach, and Liaison. Almost 195,000 programs of education and training at universities, colleges, training institutions, flight schools, and correspondence schools were approved. We do this through an approval process that allows us to carefully evaluate many factors including curriculum, instructors, policies, facilities, equipment and advertising. After a careful review of the completed application, we schedule an inspection visit to the facility to ensure the institution understands federal and state requirements and has the capability to oversee and administer the program. If we find that they do, we provide training on the approval process and our continuing expectations. We continue to review the approvals on a recurring basis as schools add or change programs and policies. Also, as a part of this approval process, where applicable, we ensure that schools are in compliance with Public Law 112-249 and are not providing any “commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities.” For schools who are signatories of the “Principles of Excellence (POE),” we provide training and information to them as well. We also explain important requirements such as the 85/15 rule, notification to us if there are negative accreditation finding and like areas of concern.

In 2011, with the implementation of Section 203 of Public Law 111-377, the Post-9/11 Veterans Educational Assistance Improvements Act, we began assisting VA with their requirement to perform compliance survey visits at SAA-approved institutions. Last year alone, we conducted 2,069 survey visits. An unintended consequence of Section 203 has been a diminution of the

ability of SAAs to devote adequate time to approvals and robust oversight to ensure student veterans are being provided quality education and training. Prior to 2011, SAAs conducted the initial approval of *all* programs of education through in-depth reviews. P.L. 111-377, specifically Section 203, established “deemed approved” programs that do not require an in-depth review because another agency with an established process and related mission has approved them. As interpreted and implemented by VA, an unfortunate and unforeseen consequence was all programs at institutions meeting such “deemed approved” criteria did not receive the rigorous oversight required by the SAA approval process. This hindered our oversight of these approvals, in certain cases to the extent that certain contracted programs, particularly flight training, became approved costing taxpayers millions and graduating Veterans who were hard pressed to find meaningful employment. Furthermore, the increased focus on compliance surveys also adversely impacted the SAA’s ability to dedicate time and personnel to our critical approval and oversight functions, as codified by law. Prior to 2011, SAAs generally visited in excess of 80 percent of all institutions with approved programs in their states annually. Today, most SAAs visit less than 25 percent of these institutions.

To address these negative consequences and refine and refocus the SAA’s role, we support a proactive compliance system that utilizes risk based analysis solutions to better monitor school performance. Ideally, such a process would allow SAAs to visit more schools and potentially identify systematic failures that could prevent student veterans from receiving quality education or training. This refined process would eliminate the extensive amount of time spent in preparation for conducting a compliance survey visit while at the same time providing opportunity to identify and thus prevent problems before they begin, rather than simply reacting to problems discovered after the fact. After all, the integrity of the GI Bill and the success of student veterans are the primary mission of the SAAs. We believe that having SAAs conduct these Risk Based Survey visits, as mandated by Congress in the Colmery Act, will allow us to better identify schools that are at risk of closure due to substandard programming, fraudulent advertising and/or improper practices.

State Approving Agency personnel are required by their cooperative agreements with the VA to possess rigorous levels of education and experience. Moreover, they must develop a thorough knowledge of both federal and state laws and regulations governing the approval of programs of education and training. As such, we consider an important part of our mission to be the training and professional development of our newly hired SAA personnel, in addition to the VA’s Educational Liaison Representative (ELR) staff members. Each year we offer our National Training Institute (NTI) utilizing our National Training Curriculum, developed over years and regularly updated. Our NTI Curriculum provides information on policies and procedures relating to the SAA mission. Last year, we trained a total of 54 students, 36 SAA personnel and 18 VA personnel utilizing this curriculum. Additionally, through the development of the NASAA Mentorship Program, we work to develop an agency management strategy and plan for new SAA directors and their staff. This program allows NASAA’s Regional Vice Presidents to review established quarterly performance measurements for potential deficiencies across their regions and offer assistance and support where needed. This program utilizes NASAA’s structure and years of knowledge and experience to ensure each SAA provides the best possible oversight, guidance and support to achieve our overarching mission to protect Veteran’s hard earned education benefits.

In regard to SAA performance measures, NASAA partnered with VA to develop a Compilation Report designed to effectively measure the performance of each SAA. This report aligns our yearly work with our end of year performance evaluation and identifies potential areas that may need strengthening. The goal of this report and the NASAA Mentorship program initiative is to identify, assist, and improve all SAA functions.

NASAA has steadfastly maintained through the years that the primary focus of SAAs should be to ensure programs of education and training meet both federal and state laws and regulations for approval. Prior to 2011 and the implementation of P.L. 111-377, in accordance with statute, compliance surveys were conducted by VA Education Compliance Survey Specialists. P.L. 111-377 granted VA authority to utilize SAAs for compliance surveys and other oversight activities. SAAs assumed responsibility for VA-assigned compliance surveys in FY2012. Compliance surveys are designed to ensure each facility and its approved programs are in compliance with all applicable statutory, regulatory, and policy provisions and the facility understands those provisions. In practice, these reviews focus on reviewing student records to ensure proper payments through a financial accountability perspective. If during that visit, an approval issue is discovered, the VA staff refers that issue to the SAAs for follow up action.

Unfortunately, through this shift of responsibility for completion of compliance surveys from the VA to the SAAs, the focus of SAAs has changed from a predominant role of ensuring programs of education and training meet both federal laws and regulations for approval to a role with a heavy emphasis on conducting compliance survey visits. This shift has impacted our ability to properly accomplish our intended primary function. NASAA's position is that review of financial process oversight should reside primarily with the VA. We maintain that by placing a large part of the responsibility of the VA's obligation to review financial oversight and compliance upon the SAAs, the consequence has been to diminish the SAA's ability to adequately perform their congressionally intended role; to promote and safeguard quality education and training programs for veterans and other eligible persons through review, evaluation, and approval of programs at educational institutions and training facilities, utilizing state and federal criteria.

Diverting limited SAA resources to performing compliance surveys has proven problematic and left no one to adequately fulfill the SAA's historic role of providing rigorous in-depth approval functions along with sufficient training, oversight and supervision to facilities. Compliance surveys have a different focus compared to training and risk based supervisory visits, each serving its own important purpose. The two approaches also require different skills sets and training that are not currently optimized. Should the compliance survey role be returned primarily to the VA, SAAs could then perform robust risk based supervisory visits combined with ongoing risk based assessments as part of the approval and oversight function of the SAAs. The SAA would gain the ability to better protect Veterans by identifying high risk behavior of the institutions we approve. SAAs' focus on approval and oversight, instead of primarily financial accountability, will help proactively identify red flags at the institutions and entities we oversee and thus enable SAAs to properly identify systematic issues so as to prevent educational harm to our veterans and loss of taxpayer funds. As such, NASAA strongly believes the VA and SAAs must adopt a more proactive approach that identifies the correct balance between program

approvals, supervision, and compliance surveys for SAAs. In the long term, this proactive approach would best protect the integrity of the GI Bill and taxpayer interests in our combined efforts to serve Veterans and their families.

We also believe the time has come to work with our VA and VSO partners to look at ways we can enhance and strengthen approval requirements. We need to look more rigorously at accreditation issues, enrollment practices and where possible, employment data. As trained educators, we are best suited to provide this important rigorous oversight and in-depth evaluation. Though we maintain the approval of non-federal programs is properly vested in the States, we do believe the VA should ensure states are properly protecting the integrity and independence of SAAs and ensuring federal funds are properly expended. Recent occurrences in Oklahoma and North Carolina indicated a need for the VA to be prepared to respond appropriately when states take actions which diminish or destroy the ability of an SAA to protect our Veterans.

## **Conclusion**

Mr. Chairman, today, fifty-one SAAs, composed of approximately 215 professional and support personnel are supervising over 14,000 active facilities with almost 195,000 programs. We are extremely grateful for the opportunity to once again appear before this committee to share our positions on the important topic of protecting our veterans and the GI Bill. We remain committed to working closely with our VA partners, VSO stakeholders and educational institutions on these and other initiatives designed to protect the quality and the integrity of the various GI Bill® programs and the Veterans and family members who have sacrificed so much for this great Nation. I thank you again for this opportunity and I look forward to answering any questions that you or committee members may have.