

STATEMENT OF

TIMOTHY “TIM” MCMAHON

**PRESIDENT OF TRIANGLE TECH GROUP, BOARD MEMBER OF CAREER EDUCATION COLLEGES
AND UNIVERSITIES (CECU) AND VETERANS FOR CAREER EDUCATION (VCE) AMBASSADOR**

BEFORE

**THE HOUSE COMMITTEE ON VETERANS AFFAIRS SUBCOMMITTEE ON ECONOMIC
OPPORTUNITY**

ON

“PENDING LEGISLATION”

JULY 17, 2019

Chairman Levin, Ranking Member Bilirakis and distinguished Members of the Subcommittee:

My name is Tim McMahon, a U.S. Air Force Veteran representing Triangle Tech, Career Education Colleges and Universities (CECU) and Veterans for Career Education (VCE). Before commenting on the pending legislation that has the potential to impact career schools and the veterans attending these institutions, I would like to offer some background on the three groups I represent.

I serve as president of Triangle Tech, a nationally accredited career and technical school with campuses in the following locations in Pennsylvania: Pittsburgh, Erie, Greensburg, DuBois, Sunbury, and Bethlehem. We pride ourselves in delivering high-quality career training at a fast pace. We offer career programs in Computer-Aided Design and Drafting (CADD) with Additive Manufacturing & 3D Printing Technology; Maintenance Electricity & Construction Technology; Refrigeration, Heating, Ventilation, & Air Conditioning Technology (HVAC-R); Carpentry & Construction Technology; and Welding & Fabrication Technology. Veterans can earn an associate degree in a skilled program of study in just 16 months and enter the workforce immediately. That allows veterans using the Post-9/11 GI Bill to save the rest of their benefits for follow-on study or additional education elsewhere.

All students that attend Triangle Tech have free repeat privileges: If at any time prior to graduation, circumstances result in course failure, we allow students to repeat that course tuition-free. We also provide free refresher privileges to graduates. Students and veteran graduates may come back and refresh their skills or update them on the latest technology at no cost. To help students and student veterans continue their education, we have credit transfer agreements with certain public and private

nonprofit colleges and universities. For example, we have credit transfer agreements with Slippery Rock University, Point Park University, Seton Hill College, and California University of Pennsylvania.

I also serve on the board of directors for Career Education Colleges and Universities (CECU), a national association of career, technical and trade schools consisting of nearly 500 campus locations across the nation. These schools are working diligently to meet the demands of the American workforce by providing skilled education that leads to fulfilling careers. The programs offered at CECU schools include nursing, commercial truck driving, cranes and heavy equipment, gunsmithing, hardhat divers and underwater welding, barbering and cosmetology, aviation technicians, automotive technology and cybersecurity, among many others. In a recent Gallup study, 71% of Veterans and servicemembers that graduated from CECU member institutions said they were satisfied with their education and 76% said their degree/certificate is related to their work.¹ Additionally, we published a book of over 300 veteran success stories.² This year, we also updated a best practices guide for serving military and veteran students. Our schools remain committed to providing career-relevant education to those in and out of uniform.

Lastly, I am excited to be among the nearly 100 veterans that flew from across the country to Washington D.C., just before Memorial Day, and helped to found Veterans for Career Education (VCE). We founded VCE to support the right of veterans to use their earned education benefits, like the GI Bill, to gain career skills at the college or institution of their choice. We fundamentally believe that education policy should not dictate where veterans use their earned education benefits. Now, VCE is engaged in a Let Vets Choose Tour Across America at over 20 career schools in more than 10 states. Veterans that are students, graduates, faculty, and staff are organizing to combat overly broad statements about taxpaying schools. The notion that credentials from these schools are worthless or that the entire sector is predatory is demeaning to veterans and undermines the value of career-oriented education. VCE and the Let Vets Choose Tour will showcase why veterans choose career schools and it will give a voice to student veterans that are too often overlooked. We look forward to sharing the views of veterans from these tour stops.

Below are the views of CECU on pending legislation unless otherwise noted.

A draft bill to require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in educational assistance programs of the Department of Veterans Affairs.

Changing the 90/10 rule to include military and veteran education benefits, like the GI Bill, in the 90 side does not help to protect military veterans. It takes away a veteran's right to choose where they use their

¹ Gallup, *Toward a Better Future: Exploring Outcomes of Attending Career Colleges and Universities*, January 15, 2019, http://www.career.org/uploads/7/8/1/1/78110552/cecu_positive_outcomes_of_career_education_1.10.19_final.pdf

² CECU, *The Post-9/11 GI Bill Benefit (Veteran Success Stories)*, http://vets4careered.org/wp-content/uploads/2019/06/CECU_Veterans_6x9_NEW.pdf

earned education benefits. Analysis conducted by NDP Analytics found that including military and veteran education benefits in the numerator of the 90/10 rule may adversely impact upwards of 100 schools and over 100,000 student veterans and servicemembers.³

The entire notion of closing the so-called “90/10 loophole” is insulting to veterans attending career institutions in the private sector. Navy Veteran, career school graduate and VCE Ambassador James Lillback recently authored an oped in the *Tennessean* saying, “The critics of career schools want to manipulate a formula known as 90/10 to restrict how much GI Bill dollars go to these schools. This makes no sense. If a career school is doing a good job of educating veterans, taking away the right of veterans to gain job-ready skills at the school of their choice only hurts a veteran’s ability to successfully transition into civilian life.”⁴ James is an employed commercial truck driver in Tennessee.

In a separate opinion piece published in *Military Times*, two military veterans said proposals to change 90/10 “are not aimed at protecting the military community. If that were truly the motivation, then the rule would apply to all colleges and universities.”⁵ Analysis shows that more than 400 public and private nonprofit colleges and universities would fail an expanded 90/10 formula.⁶

A separate study by financial aid expert Mark Kantrowitz found that “Most public colleges would not be able to comply with the 90/10 rule if it applied to them, especially if state appropriations and grants were included in the percentage of revenue from government aid.”⁷ He goes on to say that “the 90/10 rule is ineffective at measuring educational quality. Instead, it depends heavily on the demographics of each college’s student population, measuring ability to pay more than willingness to pay.”⁸

Supporters of changing the 90/10 rule maintain that veterans are being targeted and aggressively recruited. It is essential for this subcommittee to recall testimony in 2012 by Dr. Jennifer Steele.⁹ She said that given the negative attention by the media on for-profit schools, “one might assume it is the

³ NDP Analytics collected Title IV and total revenue data from the Department of Education 90/10 database (Jul 2016 – Jun 2017), GI Bill and Yellow Ribbon Award data from the VA’s GI Comparison Tool (Oct 2016 – Sept 2017), and Tuition Assistance program data from the Department of Defense TA DECIDE database (Oct 2016 – Sept 2017). We removed institutions from our analysis that have since closed based on the Department of Education Office of Financial Aid Closed School Reports. We manually updated one large institutions enrollment numbers based on a noticeable discrepancy in data provided from a federal database. Institutions with multiple campuses are counted individually.

⁴ James Lillback, Guest Columnist, *The Tennessean*, *Veterans should use GI Bill for any education they choose- Opinion*, July 10, 2019, <https://www.tennessean.com/story/opinion/2019/07/10/veterans-gi-bill-should-used-any-education/1634169001/>

⁵ Michael Dakduk and Larry Goerzen, *Military Times*, *Opinion: Veterans Defend Right to Attend Career Colleges*, June 20, 2019, <https://www.militarytimes.com/opinion/2019/06/20/opinion-veterans-defend-right-to-attend-career-colleges/>

⁶ Career Education Colleges and Universities, Press Release, *Over 400 Public and Nonprofit Colleges Would Fail the 90/10 Rule*, May 20, 2019,

⁷ Mark Kantrowitz, Edvisors, *Consequences of the 90/10 Rule*, August 19, 2013, <https://www.edvisors.com/media/files/student-aid-policy/20130819-90-10-rule.pdf>

⁸ Ibid.

⁹ Jennifer L. Steele, RAND Corporation, *Military Veterans’ Experiences in For-Profit Higher Education*, May 16, 2012, <https://www.rand.org/pubs/testimonies/CT376.html>

schools' aggressive and targeted recruiting practices that are luring" veterans into these institutions. Put another way, "naïve veterans are being tricked" into enrolling at these schools. Her research, however, uncovered a very different story.

Dr. Steele said, "Contrary to the prevailing image of veterans as undiscerning consumers of higher education, the veterans, Reservists, active duty service members, and family members with whom we spoke described thoughtful deliberations about their choice of institutions. Students in for-profit colleges reported a number of rationales for their institutional decisions."¹⁰

The top reasons for attending career schools in the private sector: tuition being covered by the GI Bill; the schools had adult-oriented, career-focused programs with flexible schedules; and the ability to transfer military experience to academic credits.¹¹

Dr. Steele brought up an important point in her remarks before this Subcommittee years ago when she testified. There is a suggestion that many veterans are being misled or tricked into enrolling at taxpaying career schools. This is flat out wrong. Army special forces guard member and advocate for veterans, Daniel Elkins, recently wrote an oped in the Hill saying, "As a country, we need to stop perpetuating the demeaning idea that we are 'broken' or in need of special guidance and protection. Restricting where and how veterans use our earned benefits disrespects the sacrifice and effort we made to earn it."¹²

The proposed bill denies the right of veterans to use their earned education benefits at the career school of their choice. Veterans for Career Education (VCE) remains opposed to policies like modifying 90/10 since it restricts choice for veterans. CECU remains opposed. As a veteran that takes great joy in supporting other veterans at Triangle Tech, I don't want to see veterans denied the opportunity to enroll at career schools. Please consider the drastic impact of changing 90/10 before advancing this bill.

A draft bill to require that educational institutions abide by Principles of Excellence as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

Making Principles of Excellence (POE) a requirement as a condition of approval for VA education benefits is not problematic for CECU and our members. According to the Department of Veterans Affairs' data, 87% of GI Bill students are enrolled at institutions that voluntarily comply with the Principles of Excellence already. Our members will embrace POE as we have already done.

Additionally, this explicitly calls for ending fraudulent and aggressive recruiting by making POE law. It also expands on limiting high-pressure recruitment tactics. Noticeably different than the 90/10 bill, this

¹⁰ Ibid.

¹¹ Ibid.

¹² The Hill, *We must support veterans and not politicize their education*, April 1, 2019, <https://thehill.com/blogs/congress-blog/education/436809-we-must-support-veterans-and-not-politicize-their-education>

draft applies to all colleges and universities. If this legislation were to advance, proposals around 90/10 become even more questionable. After all, proponents of changing the 90/10 rule contend that veterans are targeted through aggressive recruiting and marketing. This draft bill, unlike the 90/10 draft bill, directly addresses the issue.

The Student Veteran Empowerment Act of 2019.

CECU fully supports veterans retaining their earned education benefits if they are unable to transfer their credits from a program that is disapproved. The provisions regarding additional oversight remain appropriate so long as they continue to apply to all sectors of higher education and are enforced uniformly. There must be objectivity in oversight.

A draft bill to increase the monthly housing stipend under the Post-9/11 Educational Assistance Program for individuals who pursue programs of education solely through distance learning on more than a half-time basis.

Veterans for Career Education (VCE) supports the right of veterans to use their earned education benefits at any type of approved institution or program of their choice. Student veterans that are enrolled exclusively through distance learning earned the same benefit as those enrolled at brick and mortar schools. CECU remains supportive of this draft bill.

A draft bill to provide for a requirement relating to the timing of the payment of educational assistance under the Post-9/11 Educational Assistance Program of the Department of Veterans Affairs, and for other purposes.

According to the 2015 GAO report, most GI Bill overpayments were from changes in student enrollment including dropped classes or withdrawals.¹³ A small percentage of GI Bill overpayments were due to school reporting or VA processing errors.¹⁴

We understand the need to prevent or mitigate overpayments. We believe in finding a common-sense solution to this issue. We would appreciate some more time to discuss with our members how the change in timing related to the payment of educational assistance may impact institutions and veterans. Conceptionally, we support the premise of this draft bill.

¹³ Highlights of GAO-16-42, a report to the Ranking Member, Committee on Homeland Security and Governmental Affairs, U.S. Senate, October 2015, <https://www.gao.gov/assets/680/673231.pdf>

¹⁴ Ibid.

A draft bill to authorize the use of educational assistance under chapter 33 of that title to pay for preparatory courses for professional licenses and certifications, and for other purposes.

We support veterans being able to use their earned benefits for preparatory courses. Most of our members have short career programs that allow veterans to save much of their GI Bill for additional education and training. Authorizing veterans to pay for preparatory courses sets them up for continued success in gaining licenses and certifications.

A draft bill to require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

Earlier this year, the Education Department— as well as 16 other stakeholder groups including a representative for military veterans – negotiated new regulations that would help mitigate precipitous school closures. We are pleased this negotiated rulemaking committee unanimously agreed on regulatory language in this important area.

Last month, postsecondary institutions received additional guidance on recently implemented regulations that make changes to financial responsibility provisions.¹⁵ Meanwhile, we are waiting for new regulations that seek to address financial responsibility and letters of credit.¹⁶

We ask that this Subcommittee and Congress allow proposed regulations at the Department of Education to become finalized before acting on additional requirements that may be duplicative or exacerbate a problem this draft bill seeks to address—precipitous school closures. Consider this: If we were to require a school already at financial risk to secure two separate letters of credit – one with each Department – we may end up causing such an institution to close simply because they cannot obtain two letters of credit for the same institution.

Three years ago, we offered an alternative solution to the issue of abrupt school closures. We convened a taskforce of leaders from our membership to make recommendations for Reauthorization of the Higher Education Act. We called upon the Department to take steps to prioritize keeping students in school and on a path to completion of their degrees. In doing so, our membership even volunteered to contribute \$5 per student enrolled to fund expertise within the Department Education to manage at-risk

¹⁵ Office of Postsecondary Education, *Compliance with the 2016 Borrower Defense to Repayment Regulations Questions and Answers*, <https://ifap.ed.gov/eannouncements/060319Comp2016BD2RypmtRegsQandA.html>

¹⁶ Federal Register (Education Department), *Student Assistance General Provisions, Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program*, <https://www.federalregister.gov/documents/2018/07/31/2018-15823/student-assistance-general-provisions-federal-perkins-loan-program-federal-family-education-loan>

schools up through and concluding with the possible transfer of ownership and management to a new entity with both sound finances and quality programs.¹⁷

Think of the Federal Deposit Insurance Corporation (FDIC) model for banks. The FDIC identifies an institution at financial risk for continued operations. It then begins working with that bank and eventually transitions ownership from one entity to a new entity with little to no interruption of services for its customers.¹⁸ We need to get to this same place with colleges and universities. And it starts by establishing within the Department expertise that professionally work with schools to transition ownership and operations to protect the students currently enrolled in their academic programs.

Finally, please consider the shared responsibility between members of the current regulatory triad and the Department of Veterans Affairs (VA) and be cautious not to blur those lines by imposing on any one entity, including the VA, responsibilities beyond their expertise and intended role.

Conclusion

Thank you for inviting us to share our views with this Subcommittee. We welcome the opportunity to continue the conversation and find practical solutions to issues impacting military veterans and their families.

¹⁷ Career Education Colleges and Universities (CECU), *CECU Offers Innovative Road Map to Modernize & Connect HEA to Jobs*, https://www.career.org/uploads/7/8/1/1/78110552/cecu_he_a_launch_memo.pdf

¹⁸ FDIC, *When a Bank Fails - Facts for Depositors, Creditors, and Borrowers*, <https://www.fdic.gov/consumers/banking/facts/payment.html>