



# VETERANS EDUCATION SUCCESS

STATEMENT FOR THE RECORD

SUBCOMMITTEE HEARING ON PENDING LEGISLATION

SUBMITTED TO THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

COMMITTEE ON VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

February 6, 2020

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

Veterans Education Success is a non-profit organization with a mission to advance higher education success for veterans, service members, and military families, and to protect the integrity and promise of the GI Bill and other federal education programs.

In addition to research, providing free case work to students having trouble with GI Bill or impacted by predatory schools, and elevating the voices of students to share with policy makers both their positive and negative experiences in higher education, we are focused on addressing ways to increase the continued academic success of military-connected students in their pursuit of their academic goals.

We appreciate the opportunity to share our perspective on the pending legislation before the Subcommittee:

## **H.R. 5052: WAVES Act**

We support this amendment to the WAVES Act which mandates that student veterans participating in a VA work-study program earn the higher amount between the federal, state, and local minimum wage laws where the student goes to school and works. It is a sensible provision that allows students to receive the proper compensation.

## **Draft Legislation “Class Evaluation Act”**

Veterans Education Success strongly supports this bill, which would require VA to wait at least 7 days after the first day of each quarter, semester, or term to make payments of Post 9/11 Educational Assistance payments to a school and denies payment to a school if the student withdraws within the first 10 days. This important bill would allow students to settle their schedule and class load before payments are made to the school, thereby mitigating many overpayment issues due to schedule changes and other reasons. It would also provide a grace period for military-connected students as they navigate the “add/drop period” at the beginning of a term giving them the chance to figure out how many classes they can manage during a semester, rather than signing up for too many credits.

As we testified on July 17 of last year,<sup>1</sup> this bill represents a critical step needed to stop the rampant problem of GI Bill “overpayments,” in which VA has paid out more in tuition and fees than the student’s course load requires. The US Government Accountability Office reported that GI Bill overpayments cost \$416 million in FY 2014, affecting 1 in 4 GI Bill students.<sup>2</sup> A major cause of GI Bill overpayments is the way VA pays out the full term of GI Bill after a veteran sits for just one day of class. Should a student using GI Bill benefits withdraw from classes after that first day, the school has already accrued the entire term of GI Bill funds, creating an “overpayment” of GI Bill funds by VA.

Moreover, by disbursing the entire term of GI Bill tuition to a school after a student sits for just one day of class, VA inadvertently incentivizes predatory schools to use deceptive tactics to convince military-connected students to sit for just one day. This “Just 1 Day” mentality leads unscrupulous schools to focus primarily on convincing a veteran to enroll, rather than on the academic success of their students. Many such schools explicitly adopt a business model called “churn,” in which they plan for students to drop out quickly, so they focus on quick and short enrollments. This causes significant waste, fraud, and abuse of a student’s hard-earned education benefits and taxpayer dollars. Passage of this bill would stop schools from receiving a veteran’s entire term of GI Bill benefits after just one day of classes.

This Act also prohibits schools from fining students due to this change, which we agree is correct; schools should not be allowed to assign students any late fees based on VA’s processing. We note the Committee previously enacted Section 103 of Public Law 115-407, which forbids schools from forcing GI Bill students to pay penalties or late fees and from denying students’ access to classes, libraries, and facilities if the VA payment is late.

**Draft legislation to direct the Secretary of Veterans Affairs to provide electronic certificates of eligibility to persons who are entitled to educational assistance.**

We strongly support this provision. It will update the current process and allow for eligible student veterans to easily access information that is vital to them furthering their education.

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<sup>1</sup> See Testimony of Col. Robert F. Norton, USA-Ret., Senior Advisor, Veterans Education Success, before the House Veterans Affairs Committee (July 17, 2019), available at <https://vetsedsuccess.org/our-testimony-for-july-17-house-veterans-economic-opportunity-subcommittee-hearing-on-proposed-legislation/>.

<sup>2</sup> U.S. Government Accountability Office, *Post 9/11 GI Bill: Additional Actions Needed to Help Reduce Overpayments and Increase Collections*, October 2015, available at <https://www.gao.gov/assets/680/673230.pdf>

**Draft Legislation to make an individual eligible for educational assistance under chapter 33 of such title and who transfers such educational assistance to a dependent solely liable for any overpayment of such educational assistance.**

Veterans Education Success supports this bill, which clarifies that the original recipient of the educational benefit is responsible and held liable for any overpayment debt that may occur after transferring the benefit to a dependent. We have seen, firsthand, dependents who have utilized the GI Bill, only to be hit with thousands of dollars of debt due to issues with the original beneficiary's qualifications for the GI Bill.

One student we are currently helping is an ex-spouse of a service member who transferred his benefits to her while they were still married. After they had separated and divorced, he was kicked out of the military for bad behavior, ultimately impacting his GI Bill benefit. She was unaware and believed her GI Bill was in good standing. Through no fault of her own, she now owes a large debt to the VA which she was not aware of until it went into collections because the notices were being sent to her ex-spouses' house and not to her. This provision protects other military-connected students in similar situations from receiving life-altering overpayment debts due to no fault of their own.

**Draft Legislation to provide for an extended time frame for certain students to find employment following completion of Department of Veterans Affairs high technology education program**

**AND**

**Draft Legislation "Vet-Tech Improvement Act."**

We have concerns with these bills in their present form, which would weaken the bipartisan bicameral consensus agreement in the 2017 Colmery Act (the "Forever GI Bill"), enacted with unanimous support, on minimum quality controls for programs that wish to be eligible for VA educational funds for high technology programs, like coding boot camps. The bipartisan bicameral agreement on minimum quality controls for coding boot camps and other high technology programs must be kept in place and not weakened. A coding boot camp that cannot place its graduates in anything better than an unpaid apprenticeship is not serving students well. Nor is it wise to open up VA funding to new, unqualified programs that have not demonstrated they can provide quality training. Similarly, approving part-time short-term programs runs counter not only to the bicameral bipartisan agreement of 2017 but to reams of research that demonstrate that short-term programs produce substandard student outcomes. For example, student outcome data at Title IV-participating trade schools that enroll GI Bill beneficiaries in certificate programs showed that less than half of the students earned more than a high school graduate 10 years after enrolling.<sup>3</sup>

There are a wide range of coding boot camps and other high-tech programs available. Some are well-respected and well-regarded by high-tech employers. And some are widely considered to be "jokes" by these employers. During the 2017 negotiations, Committee staff consulted with

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<sup>3</sup> See Veterans Education Success, "Weak Return on Investment at Trade Schools that Enroll GI Bill Beneficiaries" (2019), available at <https://vetsedsuccess.org/weak-return-on-investment-at-trade-schools-that-enroll-gi-bill-beneficiaries/>.

several high-tech employers who explained the great disparity in quality among high tech education programs. It is not fair to students to approve their participation in programs that are not well-respected and well-regarded by the industry they are hoping to be employed by.

We urge the Committee not to undermine the bipartisan bicameral agreement of 2017 on quality controls for coding boot camps and other high-tech programs. We look forward to working with the Committee staff to amend these bills.

**Draft Legislation to provide for the eligibility of members of the Armed Forces on terminal leave for the Department of Veterans Affairs high technology education program, and for other purposes.**

We do not oppose expanding the eligibility for the high technology program to members of the Armed Forces who are on terminal leave. For all intents and purposes the service member has finished her/his service and this allows her/him to start her/his training at an earlier date that to support a smooth transition from military service into the civilian workforce.

If a veteran is on terminal leave and receiving a basic allowance from the Department of Defense, then it makes sense that the veteran would not also receive BAH from the VA while attending a VET TEC program during this time frame.

**Draft Legislation to clarify and expand eligibility for the Edith Nurse Rogers STEM Scholarship  
AND**

**Draft Legislation to improve the Edith Nurse Rogers STEM Scholarship program.**

We appreciate the Committee's work to ensure that students pursuing STEM degrees who need additional years of tuition support are able to receive it.

We further appreciate the Committee's work to clarify that the program includes students pursuing dual degrees as well as covers medical and nursing residencies in both of these draft bills. Student veterans pursuing their medical residencies or nursing degree are extremely valuable to the community and including them as eligible for this scholarship is vital to ensuring their success.

We urge the Committee to merge these two bills.

**Draft Legislation to provide for the treatment by the Department of Veterans Affairs of for-profit educational institutions converted to non-profit educational institutions.**

We support this legislation that would direct the Secretary to treat for-profit schools that convert to nonprofit status as if they are for-profit for a number of years following their conversion.

Veterans Education Success has spoken to whistleblowers from for-profits schools who have shared how some are converting to escape regulatory requirements – like the 90/10 rule. Additionally, schools that convert sometimes use their new status to mislead their students by

advertising that they are nonprofit when in actuality they are operating as a covert for-profit entity. Grand Canyon University, for example, was just recently denied its non-profit status by the Education Department because it operates in the interest of its shareholders and not the students.<sup>4</sup>

This bill would help monitor the conversion process of for-profit entities looking to avoid some of the regulations put in place to protect students. It would ensure that schools do not set up their nonprofit in a way that allows for regulatory avoidance and financial conflicts of interest similar to what happened with Grand Canyon University.<sup>5</sup>

We note that the Senate is also considering similar language in the bipartisan S. 2857, Protect Veterans' Education and Taxpayer Spending Act of 2019,<sup>6</sup> which concerns closing the 90/10 loophole and includes a period of oversight of for-profit schools converting to nonprofit or public status.

### **Draft legislation to require VA to collect and include student outcome data on the GI Bill Comparison Tool.**

The GI Bill Comparison Tool can and should be a key resource for GI Bill eligible individuals to be able to consider their options and make an informed college choice. We supported the creation of the Comparison Tool in 2012, including its inclusion in Executive Order 13607 and Public Law 112-249, and have worked over the years to help VA improve this critical tool.

At the moment, students using the Comparison Tool face a key lack of knowledge because the Tool provides almost no data for students to understand the basic facts about a school and whether it serves students well or not. We support this bill and offer several suggestions below to improve the bill. These suggestions involve disaggregating some of the data because (1) the needs and characteristics of the three cohorts differ, (2) individuals are seeking and earning different types of credentials (certificates, associate's, bachelor's, and advanced degrees), and (3) some individuals complete while others do not.

We have also identified additional metrics that provide useful data, including repayment rates, the percentage of completers and non-completers in deferment or forbearance, median Pell Grants received, and federal student loan repayment plans in which GI Bill beneficiaries are enrolled. Finally, the MOU should specify that the data be provided on an annual basis.

For the data to be meaningful, it will have to take into account the fact that each type of credential takes a minimum of up to 9 months, 2 years, or 4 years to complete and often times longer. Thus, a GI Bill beneficiary who enrolled in 2011-12 would likely not earn a bachelor's

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<sup>4</sup> Department of Education's Determination Letter of Nonprofit Status for Grand Canyon University, November 6, 2019, available at <https://www.documentcloud.org/documents/6548639-GCUDecision.html>.

<sup>5</sup> Bob Shireman, The Century Foundation, "The Covert For-Profit," September 22, 2015, available at <https://tcf.org/content/report/covert-for-profit/>.

<sup>6</sup> S. 2857 - Protect Veterans' Education and Taxpayer Spending Act of 2019, available at <https://www.congress.gov/bill/116th-congress/senate-bill/2857/text>.

degree until at least 2015 or even later.<sup>7</sup> The Secretary of Education and the IRS Commissioner will have to determine how best to account for these differences in order to show the progression of GI Bill students over time. Simply knowing that the graduation or non-completion rates in a given year would not allow the information to be used to evaluate the return-on-investment from this hard-earned benefit.

We believe the following recommendations would strengthen the utility of outcome data on veterans, servicemembers, and eligible family members using the GI Bill.

### **Page 2 of Draft Bill:**

- Line 12: require that the information be provided annually and strike “shall provide the Secretary the following information . . .:” Replace with: “...shall provide to the Secretary annually outcome information about individuals using the GI Bill.”
- Line 15: specify that the data shall be reported separately for each cohort. “The following data shall be provided separately for each cohort—veterans, members of the Armed Forces, or dependents of veterans or members of the Armed Forces:”
- Line 16: after line 16 insert “Retention rate.”
- Line 20: require reporting separately on the number of each type of degree. “Number of completed credentials, disaggregating certificates, associates, bachelors, and post-baccalaureate degrees.”
- Line 22-23: revise to make consistent with line 20. “Average number of years to complete each type of credential.”
- Line 24: Since unemployment is defined as those seeking work, revise to require data on employment rates. “Employment rates of...”

### **Page 3 of Draft Bill:**

- Line 1: revise to read “Median earnings for graduates” because some individuals don’t earn wages on a salaried basis.
- Line 4: require median debt data separately for graduates and individuals who did not complete. “Median amount of Federal student loan debt, separately for graduates and for individuals who attended but did not complete.”
- After line 4: insert new measure—“Median amount of federal Pell Grants, separately for graduates and individuals who attended but did not complete.”
- Line 5: revise to read—“Student loan cohort default rate.”
- After line 5: insert two new measures—
  - “Student loan repayment rate and the proportion in deferment or forbearance, separately for graduates and individuals who attended but did not complete”
  - “Student loan repayment plans, separately for graduates and individuals who attended but did not complete.”

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<sup>7</sup>For example, research by Veterans Education Success found that about 41 percent of veterans graduated in 2015-16 enrolled for the first time in 2005 or earlier. These proportions varied based on the degree pursued. For example, 50 percent of veterans who earned Bachelor’s degrees in 2015-16 first enrolled in in 2005 or earlier, compared to 36 percent of Associate’s degree and 33 percent of certificate program graduates. See pp. 12-13 of Ochinko, Walter and Kathy Payea, Veterans Education Success, [\*Postsecondary Non-Completion Among Veterans: Contributing Factors and Implications\* \(Nov. 2018\)](#).

It is also worth noting that information of GI Bill student outcomes will be more valuable if Congress enacts the [College Transparency Act](#) because this bill will provide a frame of reference to understand how outcomes of GI Bill students differ in comparison to non-veteran students or other subgroups of students such as “independent” students who, like most veterans are older and no longer financially dependent on their parents.

We would like to state that in order to ensure these vital pieces of legislation to be implemented in an effective and expeditious manner, the Veterans Benefits Administration (VBA) must have a functioning modern IT-system. We hope Congress will continue to put at the forefront the importance of giving the VBA the necessary funding to address and update its IT-system to ensure student veterans are put first and not needlessly harmed by old IT infrastructure.

Veterans Education Success sincerely appreciates the opportunity to express our views on legislation before the Subcommittee today. Pursuant to Rule XI2(g)(4) of the House of Representatives, Veterans Education Success has received no federal grants in Fiscal Year 2020 nor in the previous two years.