



VETERANS EDUCATION SUCCESS

STATEMENT FOR THE RECORD

SUBCOMMITTEE HEARING ON GETTING VETERANS TO WORK AFTER COVID-19

SUBMITTED TO THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

COMMITTEE ON VETERANS AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

July 21, 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 the GI Bill or impacted by predatory schools, and elevating military-connected students' voices so that they can share both their positive and negative higher-education experiences with policy makers, we are focused on addressing ways to increase the continued academic success of military-connected students in their pursuit of their post-military career goals.

We thank the Subcommittee for its attention to the important issue of veteran employment during the COVID-19 pandemic and appreciate the opportunity to share our perspective on the intersection between higher education and veteran employment with the Subcommittee.

This is a very difficult time as the COVID-19 pandemic has devastated communities, caused massive unemployment, and dramatically impacted higher education.

In the short-term, to protect students during coronavirus whose colleges have moved learning online, the Subcommittee may wish to require:

- “regular and substantive interaction” between virtual faculty and students, as the Education Department requires;
- that courses approved for GI Bill that are virtual will still meet all prerequisite requirements for the student’s subsequent course work; and

- that colleges provide adequate technology and connectivity for students to engage in online coursework.

We also have longer-term suggestions for improving quality in GI Bill-approved education. The key benefit of the GI Bill is to improve veterans' civilian career and economic opportunities – especially important now, during a recession. GI Bill students should see a return on investment from going to college and should not be left worse off than if they never attended at all. Otherwise, they're wasting their time, and taxpayers are wasting their money.

Problem I: Some GI Bill Programs Leave Students Ineligible for a Job

Despite a 2016 statute, some programs that are approved for GI Bill benefits lack the proper programmatic accreditation or state recognition, such that they leave students literally ineligible for the job they trained for. Congress [enacted](#) the Career Ready Student Veterans Act (Section 409 of [Public Law 114-315](#)) in 2016 to address this problem, but the law is not being implemented properly.

Out of the 59 degree programs approved for GI Bill that our 2015 research report, [“The GI Bill Pays for Degrees that Do Not Lead to a Job,”](#) identified as not preparing graduates for state licensure or certification, 32 of those programs were still enrolling GI Bill beneficiaries in 2018, despite Congress' passage of the 2016 law, according to our follow up report, [“Despite a 2016 Statute, The GI Bill Still Pays for Degrees that Do Not Lead to a Job.”](#) For example, there are law schools approved for GI Bill that lack the proper accreditation by the American Bar Association, which is necessary to become a licensed lawyer in almost every state. Rectifying these issues is essential so that beneficiaries are entering the labor market with the needed credentials.

Problem II: Some GI Bill-Approved Programs Leave Students Worse Off Than If They'd Never Attended

Some programs approved for GI Bill leave students no better off than a high school graduate, and sometimes worse off than their high school peers because they've incurred debt for a worthless degree, on top of using up their hard-earned GI Bill.

Consider, for example, the student outcomes at schools approved by the [troubled](#) accreditor Accrediting Council of Independent Colleges and Schools (ACICS) – which accredited the now defunct ITT Technical Institute and Corinthian Colleges. In our [analysis](#) of Department of Education data, we found that 70% of students at ACICS-approved schools earned no more than a high school graduate, and ACICS students were twice as likely as others to have unmanageable debt. These poor outcomes prior to the pandemic are likely to be exacerbated by the current difficulties in the labor market.

Problem III: Accreditation is Not an Adequate Gatekeeper

The GI Bill statute should not rely on the Education Department's approved accreditors for gatekeeping, because they are notoriously lax. For example, ACICS accredited “schools” that

had [no faculty or students](#) or were allegedly [foreign visa scams](#), including at least one approved for GI Bill. We urge this Subcommittee to consider additional quality controls beyond mere accreditation.

The Department of Veterans Affairs (VA) similarly relies on accreditors when that may not be sufficient quality control. VA issued a Policy Guidance in 2018 that directed State Approving Agencies (SAAs) to ignore accreditor probation and “show cause” notices because the schools were technically still accredited. It therefore required the California SAA to reinstate a law school that the American Bar Association had placed on probation. In reality, the law school at issue had numerous problems that the American Bar Association detailed in its probation [notice](#), including problematic admissions practices, low bar passage rates, and graduates’ difficulty getting employed as lawyers. Earlier news [articles](#) detailed the law school’s financial problems as well.

We are very grateful to the Subcommittee for its work in HR 4625 requiring VA and SAAs to pay attention to accreditor probation. In line with that legislation, we urge the Subcommittee to direct VA to rescind its 2018 policy advisory.

We also recommend the Subcommittee consider additional gatekeeping for GI Bill beyond accreditation, given the reality of lax accreditors.

Problem IV: Trade Schools and Short-Term Programs Have Particularly Weak Outcomes

Numerous trade schools that enroll GI Bill beneficiaries provide a weak return on investment. In our [issue brief](#), we analyzed Department of Education data and found that, while certificate programs at Title IV-participating schools that enroll GI Bill beneficiaries have strong graduation and retention rates, less than half of graduates at the schools we examined earned more than a high school graduate 10 years after enrolling.

Similarly, the New America Foundation recently [found](#):

“The labor market returns of a certificate program are, on average, [substantially lower](#) than the returns to an associate degree. While some very-short programs carry more value for graduates, many more have virtually [no effect](#) on wages. For instance, a recent [study](#) found that whether students graduated from a certificate program or dropped out, on average, they wound up earning the same low wage of less than \$10 an hour as a full-time worker.”

Instead of investing in short-term programs with poor outcomes – many of them for-profit – Congress could look to the Trade Adjustment Assistance Community College and Career Training (TAACCT) program, implemented after the last recession as an example. That program increased the capacity of community colleges to match training with job openings and to provide training for jobs that were actually hiring in their communities; it resulted in an [almost 30 percent increase](#) in students’ improved employment situation than comparison students.

Solutions

The GI Bill should mean student veterans are getting a leg up on the job market. It is a waste of this great benefit if veterans are unable to obtain meaningful employment after using their benefits. The question for the Subcommittee is how to ensure quality and return on investment for the GI Bill and other VA programs. Below are several options for the Subcommittee's consideration.

Solution I: Ensure VA-Paid Tuition is Spent on the Veteran's Education

How much a college spends on instruction is [documented](#) to directly impact student outcomes and is an important measure of the quality of education and students' ability to obtain employment. All colleges report annually to the Education Department how much they spend on instruction versus other costs. The vast majority of colleges spend nearly all their tuition on instruction. Indeed, a large number of colleges spend more educating students than they charge in tuition.

But there are a handful of colleges that charge VA (and taxpayers) tuition that is mostly spent not on veterans' education. In 2017, 107 schools approved for GI Bill allocated less than 20% of tuition revenue toward student instruction. These schools charged taxpayers \$703 million in Post-9/11 GI Bill tuition and fee payments in 2017, but only one in five of the schools had better than a 50% graduation rate or better than 50% earning more than a high school graduate. In contrast, schools that spent more than 20% of gross tuition on instruction were twice as likely (41%) to hit these student outcomes benchmarks.

Incredibly, four schools receiving GI Bill spent less than 10% of tuition on student instruction in 2017, charging taxpayers \$83 million in GI Bill in 2017, but taking \$75 million for non-instructional purposes (such as late-night TV ads and aggressive call centers that cold call veterans and servicemembers). These four schools had a graduation rate of only 26%. Two of these schools are owned by one company, which, according to its 2019 filings with the US Securities and Exchange Commission, spent more of tuition on marketing (nearly 23%) and on recruiting (another 14.5%) than it spent on instruction, a recipe likely to lead to poor outcomes for students. In other words, of the \$65 million in GI Bill funds this company received in 2017, it diverted nearly \$60 million away from veterans' education and spent more than \$24 million on the very recruiting and marketing that led 48 states plus the District of Columbia to bring legal action for deceptive recruiting.

Solution II: Raise the Floor on Minimum Student Outcomes

The Subcommittee could require minimum student outcomes for a school to be eligible for GI Bill funding.

- a. *Student debt* is a useful measure because the lowest quality colleges produce the most unpaid student debt and defaults. For example, the Subcommittee could reasonably conclude that a college fails students if most of its students cannot pay at least \$1 of their student debt or if their student debt levels exceed their earnings.

- b. *Cohort default rates* is another useful measure. Tracked by the Education Department, cohort default rates help identify schools whose degrees do not lead to earnings sufficient for graduates to repay their federal student loans. A small handful of colleges tend to dominate the ranks of student loan defaults. The Subcommittee could require “risk-sharing” or “skin in the game” by requiring colleges to own a portion of student loan debt and defaults if they produce more than a reasonable threshold.
- c. *Student earnings* is a key student outcome metric for measuring return-on investment. For example, the Subcommittee could consider [a price-to-earnings premium](#) that measures the price the average student pays out-of-pocket for a program relative to how much they earn above the typical high school graduate annually.
- d. *Graduation rates* should not be required because Congress could inadvertently encourage “diploma mills” in which everyone graduates but nobody learns anything.

Solution III: Hold Back Some Portion of Tuition

The Subcommittee could analyze the success of the High Technology Pilot Program in the Forever GI Bill (sec. 116 of P.L. 115-48), which used a “pay for performance” model in which half of tuition is held back until the student secures a job in the field of study. If that method of paying tuition was successful, the Subcommittee could consider holding back some portion of tuition for GI Bill programs until the veteran has secured a job in the promised field of study. This puts the burden on schools to give students the skills they need to secure a job.

The Defense Department Tuition Assistance program similarly does not pay tuition until the student has completed the semester of study with a grade of C or above, and the Education Department disburses tuition on a pro-rated basis throughout the semester to ensure it is not paying tuition for students who have dropped out.

Solution IV: Colleges Under Law Enforcement Action Should Not Be Eligible for The GI Bill

Colleges that are under law enforcement action for defrauding students should not be eligible to receive GI Bill benefits for new enrollments. Many of these schools have repeatedly settled with law enforcement agencies for misleading and deceptive activities, yet continue to receive benefits, as outlined in our report, “[Schools with Repeat Law Enforcement Settlements.](#)” Law enforcement attention is also a warning sign of trouble at a college, as detailed in our report, “[VA and States Should Act on Early Warning Signs When Risks to GI Bill Beneficiaries and Taxpayers Emerge at Participating Schools.](#)”

We appreciate the Subcommittee’s work in HR 4625 to improve the monitoring of early warning signs, including law enforcement actions. This will be especially important as the current economic troubles lead to more school closures.

We look forward to working with the Subcommittee to strengthen 38 U.S.C. 3696 in HR 4625.

Additionally, Strengthen the Veteran Readiness and Employment (VR&E) Program

We applaud both this Subcommittee's commitment to the VR&E program and VA's efforts to improve it, and hope that more can be done to further strengthen this tool to help veterans transition into the civilian workforce. As we mentioned in our [testimony](#) before this Subcommittee in 2019, there are three areas of concern that we believe can be improved:

- *Technology*: Continuing to improve and modernize the case management system so that payments to students are not delayed is vital given the dire financial situations many veterans are currently facing.
- *Staffing*: While VA has worked to reduce the number of clients per counselor, we believe it would be beneficial to further decrease the Congressionally mandated ratio from 125 clients to around 85 clients per counselor; and
- *Inconsistency in counseling* provided by VR&E counselors: We recommend increased training for counselors that includes comprehensive information for all five tracks in the VR&E program, consistent expectations, and requirements for quality to help improve veteran outcomes.

Conclusion

We thank the Subcommittee for discussing these important topics at such a critical time in our country. We hope Congress will continue to work to improve these programs so that veterans are able to receive the necessary training and education to prepare them for the workforce. Veterans Education Success sincerely appreciates the opportunity to express our views 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.