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BEFORE THE SUBCOMMITTEE ON ECONOMIC OPPORTUNITY  
COMMITTEE ON VETERANS' AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES**

**"LESS IS MORE: THE IMPACT OF BUREAUCRATIC RED TAPE ON  
VETERANS' EDUCATION BENEFITS"**

**September 20, 2023**

Chairman Van Orden, Ranking Member Levin and other Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the Department of Veterans Affairs' (VA or the Department) education benefits programs. I will highlight the current partnership between State Approving Agencies (SAA), the National Association of State Approving Agencies (NASAA) and VA; risk-based surveys (RBS); and the status of VA's Digital GI Bill (DGIB) modernization effort. Accompanying me today is James Ruhlman, Deputy Director of Education Service.

**NASAA and SAAs**

I would like to start by acknowledging and thanking our NASAA and SAA partners for their continued commitment to work with their respective educational institutions and VA, to ensure the accurate and timely delivery of high-quality educational benefits to the Nation's Veterans and their families. As you know, VA administers educational benefits to eligible Veterans and dependents, while SAAs ensure the quality of the educational and vocational programs pursued and monitor the institutions providing education and training to Veterans.

SAAs are VA's vital frontline partners in ensuring Veterans receive the quality education and training they deserve. SAAs have a long history of serving Veterans dating back to when they were first created by Congress as part of the original GI Bill in the Servicemen's Readjustment Act of 1944. Although the DGIB program has evolved immensely since its inception, the need and function of SAAs have not diminished. Today, thorough oversight is more necessary than ever with the evolving programs available to Veterans. There are now more schools, many of which have multiple campuses spread across the country and more training programs and options, such as distance learning. Furthermore, online education has become a regular modality for Veterans and many fully accredited institutions have a majority of their students participating through online courses.

Title 38 of the United States Code establishes the parameters for the relationship between VA and SAAs. Section 3671 requests that each state create or designate a state department or agency as the "State Approving Agency." SAAs are charged with

approving courses, including apprenticeship programs, in accordance with the provisions of chapters 34, 35 and 36 of title 38. SAAs ensure that education and training programs meet approval requirements through a variety of approval activities, such as evaluating course quality, assessing school financial stability and monitoring student progress. SAAs provide data on all programs approved under their authority to VA's Education Liaison Representatives (ELR) who review the information and enter data pertaining to the programs into VA's approval system. VA also utilizes the services of SAAs to assist VA in conducting program oversight activities by performing RBSs at educational institutions with approved programs. The assistance of SAAs in the performance of these activities has been, and will continue to be, invaluable in ensuring that Veterans receive the highest quality post-secondary education in accordance with statutory requirements.

VA currently has contracts with 52 SAAs in 49 states (with 2 in the state of Washington), the District of Columbia and the Commonwealth of Puerto Rico. VA does not have an SAA contract (during fiscal year (FY) 2023) with the state of New Hampshire; in which case VA performs the SAA duties. SAAs continue to play a vital role in program approval, outreach, training and oversight of VA-administered education benefits. VA values its collaboration and partnership with SAAs and anticipates entering into contracts with all 53 SAAs, including the state of New Hampshire, for FY 2024.

Currently, there are 18,623 domestic and international Institutions of Higher Learning (IHL) and Non-College Degree Programs (NCD) with programs approved for VA educational assistance benefits by the SAAs or approved by VA for foreign schools. Of the 18,623 approved, there were 12,675 active IHL and NCD institutions in calendar year 2022. During FY 2022 and FY 2023, VA and SAAs completed over 6,200 surveys, with just over 3,000 compliance activities completed to date in FY 2023. These activities include compliance surveys required under 38 U.S.C. § 3693, as well as Targeted Risk-Based Reviews and RBSs. VA anticipates completing a similar number of compliance activities in FY 2024.

### **Risk-Based Surveys (RBS)**

The Risk Based Survey is an onsite review conducted at educational and training institutions, with three principal objectives. First, the survey serves as a mechanism for SAAs to review and mitigate potential fraud, waste and abuse by utilizing data and risk factors outside of the normal program approval and compliance survey processes. Second, it allows the SAAs to verify the propriety of educational benefits paid under the provisions of the laws administered by VA, to education and training institutions on behalf of eligible individuals. Third, the RBS ensures SAAs initiate prompt action when risk factors and associated deficiencies are substantiated.

There have been two influential pieces of legislation that directly address RBSs. First, section 310 of the Harry W. Colmery Veterans Educational Assistance Act of 2017 (P.L. 115-48) amended 38 U.S.C. § 3673(d) to allow VA to utilize the services of SAAs

for conducting compliance and RBSs. Second, section 1013 of the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L. 116-315) established new requirements for the performance of RBSs at educational institutions. Section 1013 amended title 38, United States Code, by adding 38 U.S.C. § 3673A, which directs VA to develop, in partnership with SAAs, a comprehensive program to conduct RBSs and establish a searchable database. In addition, section 1014 mandates the performance of RBSs by SAAs when notified or informed of certain actions or conduct concerning educational institutions.

The RBS process allows for the identification of risk factors from continuous data collection and analyses gathered from various Federal and state sources. The data analyses are used to identify facilities with risk factors that indicate potential need for corrective action in order to remediate problems and ensure successful outcomes for GI Bill beneficiaries. In August 2021, VA added a module to its existing Salesforce-based application to capture institution risk-factor information from completed surveys, as required by P.L. 116-315 § 1013. Additionally, the information is searchable through data mining, allowing for research and revision of the RBS model in a data-driven manner. VA believes the requirements of the law, effective October 1, 2022, have been met.

VA continues to work collaboratively with SAAs in the execution of RBSs. Surveys are completed in accordance with legislative requirements, including identifying and measuring risk factors present at institutions and taking appropriate actions to mitigate risks that violate program approval requirements, jeopardize the integrity of the GI Bill or negatively impact the outcomes of Veterans and other beneficiaries.

## Partnership

During the first quarter of FY 2022, NASAA and VA's Education Service leadership established an RBS workgroup to discuss best practices, gaps and other areas of concern. The main purpose and focus of the workgroup were strategizing and formulating the future state of the RBS process by evaluating the results of the FY 2021 NASAA pilot model.

The RBS workgroup refined the RBS job aids initially developed for the NASAA pilot to eliminate duplicative information and to streamline the risk-review process. The job aids are used during visits to schools, helping SAA staff by providing clear and concise step-by-step instructions, information or guidance. Additionally, a standard operating procedure (SOP) was developed to consistently execute RBSs in accordance with legislative requirements. The SOP<sup>1</sup> identifies risk factors potentially present at

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<sup>1</sup> [https://vaww.vrm.km.va.gov/system/templates/selfservice/va\\_kanew/help/agent/locale/en-US/portal/55440000001048/content/554400000220722/Standard-Operating-Procedure-Risk-Based-Surveys?query=RBS%20standard%20operating%20procedure](https://vaww.vrm.km.va.gov/system/templates/selfservice/va_kanew/help/agent/locale/en-US/portal/55440000001048/content/554400000220722/Standard-Operating-Procedure-Risk-Based-Surveys?query=RBS%20standard%20operating%20procedure)

institutions and provides direction on taking appropriate actions to mitigate any risks that jeopardize the integrity of the GI Bill and the outcomes of beneficiaries.

In June and July 2022, NASAA conducted two virtual training events and one in-person training session during the NASAA Summer Conference. The training provided an understanding of the RBS process from beginning to end. In addition, NASAA created an FY 2023 RBS Guide to assist SAA members in conducting RBSs. This guide addresses specific areas in greater detail and provides guidance and recommendations on how to address each step of the process.

### FY 2023 RBS Results

For FY 2023, educational institutions were identified for RBSs using a data-driven decision-making approach, as described above. This sought to find patterns or correlations between different data points indicating problems that may impact compliance with program approval requirements and/or the ability to effectively educate VA beneficiaries. It was determined that, apart from the statutorily specified RBS triggers, facilities need a minimum of two risk factors to trigger a review. The modifications were made based on feedback from SAA staff, reviews and analyses of data.

Data are derived from public sites such as the Department of Education; extracts from the GI Bill Comparison Tool; and information from Education Service's Data Analytics Team. The risk factors and thresholds include but are not limited to:

- **Rapid Increase in Veteran Enrollment.** Evaluates prior Academic Years to determine a 30% increase or more in the Veteran population.
- **Rapid Increase in Tuition and Fees.** Reviews the facility as a whole and the total tuition and fees paid to the institution. The difference is calculated between successive years and is a function of the number of trainees and the total tuition and fees paid. The threshold for a 'rapid' increase is 30%.
- **Volume and/or Severity of Student Complaints.** Reviews GI Bill complaints or complaints received from Federal partners, consumer agencies and state partners. The GI Bill Feedback Tool is the primary source of this information.
- **90/10 Rule Violation.** The established threshold to trigger an RBS is established at 85%, prior to exceeding the Department of Education's requirement.
- **85/15 Rule Violation.** Reviews for compliance with 38 U.S.C. § 3680A(d), as outlined in 38 U.S.C. § 3673A.
- **Caution Flag.** One or more flags displayed on the GI Bill Comparison Tool notifying users of issues that should be taken into consideration when choosing an educational institution.

The FY 2023 Cooperative Agreements between VA and SAAs requires the completion of 1,308 RBSs over the course of the fiscal year. As of September 13, 2023, 1,195 (91% of the required 1,308) RBSs have been conducted. There have been 55

education and training institutions withdrawn from GI Bill participation due to RBS findings. The following discrepancies were identified by SAAs:

- **Enrollment Certification Errors**
  - Incorrect term dates;
  - Incorrect tuition and fees;
  - Graduation not reported;
  - Leave of absence not reported;
  - Incomplete grades not reported;
  - Operating on-line instruction and hybrid courses beyond June 1, 2022;
  - Non-compliance with Dual Certification, as required by 38 U.S.C. § 3313(l);
  - Late report of enrollment certification;
  - Satisfactory academic progress not properly applied; and
  - 85/15 rule violation; multiple programs exceeded ratio.
- **Approval Violations**
  - Operating with unapproved catalog;
  - Inappropriate marketing and advertising;
  - Prior credit evaluation;
  - Lacking proper articulation agreements in place;
  - Discrepancy with grading policy;
  - Operating without business license;
  - Inconsistent attendance records;
  - Incomplete financial ledgers;
  - Certifying unapproved program; and
  - Enrollment agreement clause imposing penalties and/or denying attendance or participation prior to the earlier of the date of VA benefit payment for tuition and fees or 90 days from date of certification of tuition and fee charges to VA; violation of 38 U.S.C. § 3679(e).
- **Miscellaneous Errors**
  - GI Bill® Trademark violation.

During the last quarter of FY 2023, VA has been working with the SAAs to revise the RBS model, thresholds, procedures and job aids based on SAA feedback and the findings of the RBSs completed during this fiscal year as part of an ongoing process of continuous improvement. The revisions are being made in collaboration with VA's SAA partners, and updated materials will be released prior to October 1, 2023. In addition, ELRs and supervisory staff have held meetings with the SAAs to discuss the selection of RBSs for completion during FY 2024. Each SAA is expected and encouraged to take advantage of the opportunity to identify any RBS candidate(s) and priorities at the beginning of the fiscal year, and any that may arise throughout the year, based on data that support risk factors and align with RBS objectives.

## **Regulatory Changes**

VA has also taken the initiative to reduce burdens on schools and improve customer service to Veterans by modernizing several regulatory requirements.

Stakeholders have expressed confusion regarding VA's regulations when it comes to which SAA they should apply for program approval of an online course. In October 2021, VA published a proposed rule to clarify SAAs' jurisdiction for approval of online distance learning courses.<sup>2</sup>

VA proposed that the SAA with jurisdiction over the school's main campus would be the only SAA to which the school needs to apply for approval of any of its solely online courses. Additionally, the rule seeks to clarify the adjudicatory outcomes available to an SAA when reviewing an approval application (i.e., an SAA may approve, deny, suspend or withdraw approval. VA proposed to remove the option for an SAA to simply not act on an application). Furthermore, VA proposed that when an SAA denies an application for approval, suspends a program or withdraws a program, the SAA must provide schools with a notice of decision outlining reasons for the denial, suspension or withdrawal. VA believes the proposed rule would make the program application process simpler for schools and SAAs to understand. VA also believes that student Veterans would be positively impacted by more expedient approvals, resulting in faster additions of program choices for training. Additionally, certain online and distance learning modalities that may have been previously denied may be able to be approved.

In October 2022, VA published a proposed rule to simplify the rules and clearly state that aid provided by the educational institution is considered institutional aid.<sup>3</sup> This would reduce the administrative burden on schools in calculating the "85/15 rule" where statute requires that no more than 85% of the students in a program of education can have all or part of their tuition, fees or other charges paid to or for them by their educational institution or VA.

## **Digital GI Bill (DGIB)**

As discussed during the July 2023 "Reviewing the Digital GI Bill" hearing, VA is modernizing the GI Bill's Information Technology (IT) platform to deliver benefits faster and enhance customer service. The goal of this effort is to develop a modern digital platform, leveraging cloud-based automation, digital service transformation, human-centered design, world-class communications, analytics and other important IT services. The improvements will provide world-class customer and benefit services to Veterans and VA's partners, enabling more timely and accurate delivery of education benefits, providing near real-time eligibility and benefit information and allowing for first contact resolution.

Since March 2021, when VA awarded a contract to Accenture Federal Services (AFS) to develop the DGIB, there have been 6 major releases and several smaller releases to modernize GI Bill services. Notably, VA incorporated legislative updates from the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits

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<sup>2</sup> <https://www.federalregister.gov/documents/2021/10/14/2021-21496/state-approving-agency-jurisdiction-rule>.

<sup>3</sup> <https://www.federalregister.gov/documents/2022/10/12/2022-22107/8515-rule-calculations-waiver-criteria-and-reports>.

Improvement Act of 2020 (P.L. 116-315); activated the DGIB Managed Service platform; deployed capabilities to make enrollment-related processes faster and simpler, such as verifying enrollment status via email or text message; migrated Veteran Employment Through Technology Education Courses claims into the DGIB Managed Service platform; improved the application process for first-time applicants by automating portions of the Post-9/11 Bill application experience and launching Enrollment Manager to modernize the system for School Certifying Officials (SCO). VA received positive feedback from SCOs and its customers, and these systems are continuing to improve the Veteran experience every day. For instance, VA is pleased to note that Enrollment Manager has just reached its 2 millionth enrollment just 5 months after its initial release and 1 month after it reached 1 million enrollments.

VA currently fully automates 33% of original and 62% of supplemental GI Bill claims<sup>4</sup> and is targeting December 2024 to automate 35% of original and 70% of supplemental claims. VA is further targeting July 2025 to automate 50% of original and 80% of supplemental claims. To achieve this, VA has scheduled the following five upcoming automation deployments:

1. **October 2023:** Enrollment Manager Custom Remarks
2. **December 2023:** My Education Benefits Transfer of Entitlement (TOE)
  - Non-College Degree Enrollment Received for Claimant
3. **February 2024:** A Change in VA Defense Information Repository (VADIR) TOE Data Has Been Detected
  - Claimant Disagrees With Service Data From VADIR
4. **March 2024:** A Change in VADIR Service Data Has Been Detected
5. **October 2024:** Reserve Officer Training Corp/Service Academy/Loan Repayment Plan Discrepancy
  - Validation of Initial Active-Duty Training/Entry Level Skill Training Time Requirement

VA continues to leverage a human-centered design to inform its conceptualization and development of the future state of DGIB. VA has worked with AFS and VA stakeholders to develop a schedule that takes DGIB through 2025 when VA's major deployments in the modernization effort will come to an end. Major deployments planned include Enterprise Management of Payments, Workload and Reporting Release, Business Manager, Benefits Delivery Network-C and Approval Manager. VA has made tremendous strides in the administration of VA education benefits in recent years through modernization efforts. Many lessons have been learned along the way, and VA continues to seek feedback from partners and find ways to improve education benefits delivery through modernization. VA looks forward to continued opportunities of working with Congress to address Veterans' concerns to provide a better GI Bill experience.

## Conclusion

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<sup>4</sup> As of 31 July 2023.

VA will continue working closely with NASAA, SAAs, AFS and VA stakeholders as we deliver the accurate and timely educational benefits the Nation's Veterans have earned. VA remains committed to ensuring proper oversight of those benefits and that VA systems are modernized in a customer-centric way while remaining effective stewards of taxpayer dollars. VA appreciates the support of this Committee and looks forward to continued opportunities to work with Congress to address Veterans' concerns and provide a better VA experience. Mr. Chairman, this concludes my testimony. We would be happy to answer any questions you or the other Members of the Subcommittee may have.