STATEMENT OF MS. MELISSA COHEN, EXECUTIVE DIRECTOR,
OUTREACH, TRANSITION, AND ECONOMIC DEVELOPMENT
VETERANS BENEFITS ADMINISTRATION
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
U.S. HOUSE OF REPRESENTATIVES

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Chairman Van Orden, Ranking Member Levin and other Members of the Subcommittee, thank you for inviting us here today to present our views on several bills that would affect Department of Veterans Affairs (VA) programs and services. Joining me today is Mr. Nathan Sanfilippo, Executive Director of Multichannel Technology at the Veterans Experience Office; Mr. Garth Miller, Executive Director of Member Services at the Veterans Health Administration; and Mr. Thomas Alphonso, Assistant Director of Education Service at the Veterans Benefits Administration (VBA).

H.R. 6656 "Stuck on Hold Act"

Section 2(a)(1) of this bill would require VA, for each VA customer service telephone line, to implement an automated system that informs callers about the anticipated wait time and automatically offers a callback to any caller with an anticipated wait time of more than 15 minutes. Section 2(a)(2) would require VA to issue guidance as necessary to reduce the average wait time of callers to VA customer service telephone lines to not more than 15 minutes. This section would also require all calls to be answered in the order in which they are received.

VA does not support this bill. VA provides superior customer service for Veterans and other stakeholders; and, currently, for all major VA contact centers, average wait times are less than 15 minutes, with some significantly less than 15 minutes. VA does not support section 2(a)(1) as callback systems are already available, and legislative authority is not required to obtain this functionality. Furthermore, for certain contact centers that use them, VA callback systems are activated for callers for wait time thresholds under 15 minutes.

VA's Enterprise Contact Center Council (ECCC) was established in 2018 to improve contact center customer experience with participation from 22 VA single-leader contact centers. The ECCC is responsible for VA contact center modernization, developing capabilities to enhance touchpoints with Service members, Veterans, their families, caregivers, and survivors. VA contact center modernization and enhancement continues to be a multi-year journey, and the ECCC evolves as we move forward in these efforts. In fiscal year 2023, VA contact centers answered nearly 60 million calls with 77% of customers satisfied with the experience.

VA does not support section 2(a)(2), as the section would require VA to issue guidance necessary to reduce the average wait time of callers to not more than 15 minutes. As previously mentioned, all major VA contact centers have wait times less than 15 minutes, with some significantly less. Therefore, changes to contact center guidance aren't necessary and would not significantly impact wait times. Creating a meaningful impact on wait times would require additional resources to hire more contact center representatives. To do so, VA would require additional funding.

Section 2(a)(2) would also require all calls to be answered in the order in which they are received. VA currently provides preferential queuing for certain call types, such as survivors or Veterans in crisis, to service callers needing a quicker or more sensitive level of customer service. Under this bill, VA would not be able to provide preferential queuing to these vulnerable stakeholders.

Mandatory and discretionary costing have not been evaluated as VA does not support the draft legislation.

H.R. 7323 (Disapproval of Courses Due to a Public Institution of Higher Learning Not Charging In-State Tuition to In-State Veterans)

Under current law, VA must disapprove a course of education provided by a public institution of higher learning if the institution does not charge in-state tuition and fees for in-state "covered individuals." "Covered individuals" include beneficiaries under 38 U.S.C. chapters 30, 31, 33, and 35. This bill would amend 38 U.S.C. § 3679(c) to include as "covered individuals" beneficiaries receiving educational assistance under the Selected Reserve Service Program pursuant to 10 U.S.C. chapter 1606.

The amendments would take effect on the date of the bill's enactment and would apply with respect to an academic period that begins on or after August 1, 2024.

VA supports this bill. This bill would allow chapter 1606 beneficiaries to receive the same protections under the law as beneficiaries who receive benefits under other VA educational programs.

No mandatory or discretionary costs are associated with this bill.

H.R. XXXX "Fair Access to Co-ops for Veterans Act of 2024"

The bill would amend 38 U.S.C. § 3710(a)(12) to reauthorize VA to guarantee certain loans for the purchase of stock or membership in a cooperative housing (co-op) corporation. The bill would also revise section 3710(h) so that VA could not guarantee a co-op loan until after the Secretary prescribes regulations setting forth requirements for underwriting, loan processing, project standards, share eligibility, valuation, and other

criteria the Secretary determines necessary. Revised subsection (h) would additionally require the Secretary to ensure that such regulations are consistent, to the extent the Secretary determines suitable, with Federal National Mortgage Association (Fannie Mae) requirements for the purchase or securitization of co-op loans.

The bill would amend 38 U.S.C. § 3729(b) to require Veterans to pay a fee of 2.03% of the total loan amount for any cooperative loan, including an assumption of a cooperative loan, in addition to the statutory loan fee required under the same section. The bill would also require VA to use existing authority under 38 U.S.C. § 532 to advertise the availability of VA-guaranteed co-op loans. Lastly, the bill would allow VA to issue guidance implementing the new authority prior to the agency's promulgation of regulations.

VA would support this bill, if amended. . VA supports the opportunity for VA to begin guaranteeing co-op loans for Veterans. VA also believes the Fair Access to Co-Ops for Veterans Act of 2024 could provide a good start toward that opportunity; however, there are several amendments that must be made before VA could implement the program successfully, and this testimony highlights a number of them. VA would also need resources to overcome operational challenges to success. Consequently, while VA applauds the bill as a good starting point, VA could support the bill if it were amended and supported with appropriations and if Congress identified offsets to the new benefits costs and administrative costs.

Perhaps the most significant concern is that the bill would not give Veterans access to enough funding for the benefit to be of much help, if any. This is because the bill would keep intact 38 U.S.C. § 3703(a)(1)(A)(iv), which allows VA to guarantee a loan exceeding $144,000, but that currently excludes co-op loans. By leaving the provision unchanged, co-op loans would effectively be capped at $144,000. This conflict alone would make the benefit unusable for most co-op purchases.

VA is also concerned about a potential statutory conflict relating to lien priority. Section 3703(d)(3) requires that, for the most part, VA-guaranteed loans are to be secured by a first lien on the realty. But a borrower in a co-op receives shares in a corporation (and a right to occupy a specific unit), not a title to realty, meaning VA's guaranteed loan would not be secured by the realty itself and, as a result, could not be secured by a first lien against it. In short, compliance with the plain language is not possible. Even if VA were to consider the interest in the shares as tantamount to a lien on the realty, Veterans would still be unable to meet the requirement in many situations. This is because inferior lien positions are not uncommon among co-op loans. Instead, co-op projects are often subject to outstanding liens that take priority over the individual shareholder's. Thus, if Congress intends for VA to assume the risk of guaranteeing an inferior lien—which is a prospect VA could support in cases where the project can demonstrate a strong enough financial undergirding—VA believes a statutory change would be necessary.

It is also uncertain whether the occupancy requirements of 38 U.S.C. § 3704(c) or the statutory loan assumption requirements of 38 U.S.C. § 3714 would be enforceable for co-op loans. Those sections apply to "residential property." VA is concerned that the plain language term "residential property" could be read to exclude shares in a corporation, creating a loophole for the purchase of investment properties or for circumventing assumption processing.

Another uncertainty relates to refinances. VA supports the bill's authorization of purchases only, rather than further expanding to include refinances. VA believes the focus should be on developing a viable co-op purchase program before adding extra layers of complexity. Nevertheless, the only way to ensure against legal challenges for VA following the law (i.e., for VA refusing to guarantee a refinance of a co-op loan) would be to insert a provision specifically excepting co-op loans from qualifying for refinance.

Another issue requiring detailed attention involves procedures around loan termination. The bill does not direct VA how to handle complications that could arise from a default on a guaranteed co-op loan. Generally, under 38 U.S.C. § 3732, holders that foreclose VA-guaranteed loans have a statutory option to convey the liquidated property to the Secretary, post-foreclosure, in exchange for VA's "net value" payment. However, with co-op loans, borrowers typically receive an ownership share of the corporate entity, not a title interest in a particular housing unit. VA is uncertain how the liquidation, possession, and resale of the fractional corporate shares would fit within section 3732's prescribed procedures on default. At a more fundamental level, VA does not support the concept of the Secretary becoming a shareholder in co-op housing projects. There are several reasons for VA's position, not least of which is that the Secretary is an officer of the United States, but serving as a shareholder in a cooperative housing unit could lead to conflicts with that role. Therefore, VA believes it is essential to craft a unique loan termination procedure specifically for co-op loans.

Relatedly, the bill does not address default by the corporate entity when the co-op project becomes insolvent or is dissolved due to no fault of the Veteran. For example, the bill provides no authority to help a Veteran whose shares have been significantly devalued through the corporation's bankruptcy or who lives in a co-op project that is foreclosed. VA is concerned that the current statutory authority does not offer the right tools to help Veterans who find themselves in such a situation. VA has not had time to fully analyze how to address these sorts of circumstances and believes that consulting experts in the co-op industry is necessary.

A final legal concern for VA is the potential shortage of liquidity for the program. While this bill would reauthorize VA-guaranteed co-op loans, the availability of loans to Veterans would depend heavily on the willingness of private lenders to make them. In large part, cashflows for lenders that originate VA-guaranteed loans derive from investors in mortgage-backed securities (MBS). The Government National Mortgage Association (Ginnie Mae) is the principal entity that pools VA-guaranteed loans into

MBS. It is VA's understanding that, presently, Ginnie Mae accepts only certain co-ops, i.e., Federal Housing Administration co-op loans, into MBS. Therefore, VA recommends consulting Ginnie Mae to address any changes they may see as necessary for the authorization of VA-guaranteed co-op loans. Otherwise, without a clear investment vehicle for the loans, and given the complexities of co-op lending, VA anticipates lender participation may be low.

Co-op share purchase loans present a unique ownership framework as compared to the more traditional ownership and housing credit transactions VA currently oversees in its housing loan program. Given that VA has not had authority to guarantee co-op loans for over a decade and there have been significant changes in the housing market since 2011, VA does not have personnel with the expertise needed to implement this legislation. VA anticipates needing to hire at least 11 full-time employees, all of whom would need experience and expertise, to help VA establish and maintain a world-class co-op housing loan program for Veterans.

VA readily acknowledges that the list of statutory challenges is long and complex, but VA is committed to working with Congress and co-op housing stakeholders to ensure a viable co-op loan program. It is for this same reason—that is, to ensure a viable program for Veterans—that VA must also emphasize the importance of Congress providing the agency with the adequate administrative resources. Success depends on it.

VA estimates new benefits costs of $5,000 in the first year, $15,000 over 5 years, and $80,000 over 10 years. VA also estimates $2 million in new administrative costs in the first year, $11.4 million over 5 years, and $24.8 million over ten years.

H.R. XXXX "Combat Veterans Pre-Enrollment Act of 2024"

This bill would require VA to establish a pilot program that would permit certain members of the Armed Forces to pre-enroll in VA's health care enrollment system.

Section 2(a) of the bill would require VA, by January 1, 2025, to establish a program to carry out, to the maximum extent practicable, all activities necessary to permit a member of the Armed Forces described in subsection (b) to enroll in VA health care on the date of separation of the member.

Section 2(b) would define as eligible members of the Armed Forces those who: (1) are performing active service; (2) served on active duty in a theater of combat operations or in combat against a hostile force during a period of hostilities after November 11, 1998; and (3) would be eligible for enrollment in VA health care on the date of the separation of such member.

Section 2(c) would require VA, in conjunction with the Department of Defense (DoD) and the Department of Homeland Security (DHS), to establish a mechanism to permit a member of the Armed Forces to elect to participate in the pre-enrollment program during the 180-day period that precedes the date of separation of the member from active service. Within 180 days of the date of enactment, and annually thereafter, the VA-DoD Joint Executive Committee would be required to submit to Congress a briefing on the efforts of VA and DoD to implement the mechanism described above.

Section 2(d) would require VA to submit an annual report to Congress that includes information on the results of this program, including demographic data of participants.

Section 2(e) would require the Comptroller General to submit to Congress an analysis of the effectiveness of this program and recommendations with respect to methods to improve such program.

Section 2(f) would provide that the authority to carry out the program described in subsection (a) ends on the date that is 3 years after the date of the enactment of this Act.

VA does not support this bill. VA fully supports the intent of this legislation and is working in a number of ways that would complement or exceed the requirements of this bill, but VA does not believe this legislation is necessary as it would provide no new authority in this area.

Currently, there are 43 VA Liaisons for Healthcare located at DoD installations and Military Treatment Facilities (MTF). In addition, there are 5 Regional VA Liaisons for Healthcare who provide virtual services to all other DoD installations and MTFs. The VA Liaisons support pre-enrollment for transitioning Service members by coordinating their transition of health care from DoD to VA and facilitating access to VA care. The VA Liaisons, who are nurses and social workers, educate Service members and their families about VA health care with a focus on their specialized care needs. They also connect Service members with their home VA health care facility prior to discharge from the military. VA Liaisons for Healthcare coordinate Service members' initial VA health care registration with their home VA facility and secure health care appointments prior to military discharge. Active-duty Service members who are not yet eligible for enrollment into the Patient Enrollment System can be registered into the Patient Enrollment System, and VA can proactively schedule appointments pending enrollment once the Service member is issued a Certificate of Release or Discharge from Active Duty (DD Form 214) and VA verifies Veteran status. Engaging with transitioning Service members while they are still on active-duty status reduces the gap between DoD and VA immediately post-service and limits the potential for disruptions or lapses in care. Most of VA's efforts are focused on Service members who have known health conditions that will require ongoing health care; these individuals may have been injured or incurred an illness or disability during service, and such conditions could have manifested outside of combat situations. In this regard, the bill's focus on only combat

Veterans would be narrower than VA's current efforts. VA Liaisons for Healthcare also work with the Transition Assistance Program (TAP) and with VBA outreach experts to facilitate these transitioning Service members in applying for both health care and benefits.

Additionally, VA has already established mechanisms with several of the branches of the Armed Forces to facilitate transmission of discharge documents (specifically, the DD Form 214) that establish a Veteran's qualifications and military history; this information is necessary to processing enrollment applications by ensuring that former Service members meet the threshold eligibility criteria (such as a qualifying discharge under 38 U.S.C. § 5303 and minimum duty requirements under 38 U.S.C. § 5303A).

While there are fewer members of the Coast Guard who qualify for VA health care based on combat status, the Regional VA Liaisons for Healthcare that serve smaller DoD sites also serve Coast Guard locations to provide a comprehensive transition into VA health care.

We note that under section 111 of the Honoring our Promise to Address Comprehensive Toxics Act of 2022 (Pub. L. No. 117-168), combat Veterans now have 10 years from the date of separation or discharge to qualify for VA health care under 38 U.S.C. § 1710(e)(1)(D). This bill would seemingly further enhance this benefit by facilitating a quicker enrollment process for these separating Service members.

VA has concerns with the timelines set forth in this bill. Initially, it is not clear that VA could establish all of the mechanisms required by January 1, 2025. Additionally, it is not clear that VA could enroll every Veteran on the date of discharge or release, as there could be delays in the receipt of key documents (such as the DD Form 214), or such documents may be submitted too late in the day for VA to process them on the same day. Delays with instances where the Service member's character of discharge requires adjudication by the Veterans Benefits Administration (VBA). VA recommends the bill be amended to provide further flexibility in this regard.

VA does not believe the bill would result in a material change in enrollment or utilization rates given current efforts to enroll transitioning Service members. However, VA would require additional staff and resources to facilitate this type of engagement for all separating Service members and to provide the reports required by this bill. Mandatory and discretionary costing have not been evaluated as VA does not support the draft legislation.

H.R. XXXX [Title 10 TAP Reform]

Section 2(a)-(g), (i) and (n)(1) of this bill would require DoD to establish a pre-separation counseling program provided by a third party.**VA defers to DoD regarding these provisions.**

VA cites concerns with sections 2(h), 2(k), 5, and 6 of this bill.

Section 2(h) would require a presentation by a Veterans Service Organization that promotes VA benefits available to Veterans. This section would require VA to review and approve the presentation in advance. This section would also require the presentation to be presented by a national representative of a Veterans Service Organization (VSO) recognized under 38 U.S.C. § 5902. **VA cites concerns with section 2(h)**, which would create redundancy with the 1-day course already provided by VA as described below.

First, established in 1991, TAP consists of five core curricula shared among the interagency partners (VA, DoD, Department of Labor (DOL), and Small Business Administration (SBA)). These courses are developed and maintained through these partnerships to ensure continuity, consistency, and relevance while reducing redundancy for the transitioning Service members. VA, DoD, DOL, and SBA collaborate through an annual evaluation process by reviewing and approving the TAP curricula through the interagency governance structure. Each agency is responsible for the delivery or facilitation of its curriculum.

The 1-day VA Benefits and Services (BAS) course helps Service members and their families understand how to navigate the resources within VA, including how to access the benefits and services they have earned through their military careers. More specifically, the BAS course provides the skills, resources, and tools needed to support emotional and physical health, career readiness, and economic stability in civilian life.

Further, on January 2, 2024, VA launched VSO participation in the BAS course. VA-accredited VSO representatives play an integral role in assisting transitioning Service members and Veterans, as well as their spouses, families, and caregivers, throughout pivotal stages in their transition from military to civilian life. VA extended an invitation to VA-accredited VSO representatives working on or near military installations to directly connect with attendees during the structured 45-minute session at the end of VA TAP One-Day to:

- Highlight the value of using a VA-accredited VSO representative and how they can serve as a trusted advocate and resource before, during, and after their transition.

- Inform transitioning Service members that VA-accredited VSO representatives help ensure they have access to responsible and qualified representation during the VA benefits claims process.

- Remind transitioning Service members that VA-accredited VSO representatives provide services without charge and offer professional assistance to help transitioning Service members, Veterans and their families receive the benefits they have earned and deserve—health care, disability, employment, education, financial benefits, and more.

- Provide information on the unique programs and resources that are available from their respective VSO.

The goal of this collaborative effort is to educate, inform, and empower attendees by providing valuable VSO information and resources, fostering connections with VSOs, and increasing benefit utilization.

Section 2(j) would require DoD to transmit VA Service member information to include contact information. **VA defers to DoD.**

Section 2(k) would prohibit DoD from providing a DD Form 214 until the Service member receives the required pre-separation counseling. **VA cites concerns with this section.**

Proof of separation is required to apply for Veterans' Group Life Insurance (VGLI) or the Servicemembers' Group Life Insurance Disability Extension (SGLI DE). Separating members have 1 year and 120 days to apply for VGLI, but if they apply within the first 240 days after separation, they can be approved without answering any health questions. They can apply for the SGLI DE any time within two years following separation to receive a free extension of their Servicemembers' Group Life Insurance coverage for up to two years following separation. Given these deadlines to apply and understanding that there are extenuating circumstances that may prevent a member from receiving a pre-separation briefing, withholding the DD Form 214 could prevent a separating member from being able to obtain needed life insurance coverage because they are unable to provide proof of their separation from service.

DD Form 214 is often utilized by VA claims processors as a ready means to determine whether a former Service member is eligible for VA benefits. Former Service members may submit the DD Form 214 directly to VA for that purpose as a means of expediting their claims. VBA is concerned that withholding a DD Form 214 from former Service members who do not complete required pre-separation counseling may needlessly delay claims processing and could also impede automated claims processing efforts.

VA notes that the use of the term "provide" in section 2(k) allows for multiple interpretations. If a Service member did not complete required pre-separation counseling, it is unclear if the intent is for DoD to generate the DD Form 214 and withhold the Veteran copy from the Service member, or if the intent is for DoD not to generate a DD Form 214 and potentially maintain the Service member on active duty. If the intent is the former, VA notes that when a Service member separates from active duty, the Service Department provides a copy of the DD Form 214 to VA. As such, if a DD Form 214 is generated and provided to VA, Service members may request a copy of the form from VA. VA believes such a process may diminish any meaningful incentive withholding a DD Form 214 could provide to encourage Service members to receive pre-separation counseling. VA recommends adding clarity as to the intent of the

provision.VA is also concerned that it may be an inefficient use of administrative resources and be disrespectful to Service members who were unable to avail themselves of pre-separation counseling due to extenuating circumstances.

Section 2(l) would require DOL, in consultation with VA, DoD, and DHS, to enter into contracts with public, private, and nonprofit entities under which such entities would provide individualized employment counseling for members of the Armed Forces and their spouses. **VA defers to DOL and DoD on this section.**

Section 2(m) would require DoD, in consultation with VA and DOL, to establish a curriculum based on TAP to support a pilot program for spouses of Service members. This section would require counseling under the pilot program. **VA notes that DoD has equities involved and recommend that the Committee solicit views from DoD.**

Separating members receive a significant amount of information about military and VA benefits at TAP briefings and having the spouse participate would help to ensure that both the member and spouse are aware of all the benefits and services available to them, particularly life insurance benefits which have strict deadlines to apply. VA anticipates additional resources would be required for implementation of this section and looks forward to working with Congress.

Section 2(n)(2) would require VA to submit a report on VSOs that presented, as would be required under section (h), the number of Service members who attended the presentations, and any recommendations regarding changes to the presentations. **VA has no objection to this section as it relates to VA reporting on VSO participation in our Benefits and Services Course.**

As stated above, VA has already approved and deployed a standardized VSO presentation into VA's BAS one-day course. VA is already monitoring the program and looking for areas of opportunity for continuous improvement.

Section 3 would require the Comptroller General to conduct a study on the Skillbridge programs under 10 U.S.C. § 1143(e). **VA defers to DoD and the Government Accountability Office on this section.**

Section 4(a) would amend 38 U.S.C. § 4101 by including a Service member eligible for TAP in the definition of "eligible person" for purposes of chapter 41, which governs job counseling, training, and placement services for Veterans. Section 4(b) would amend 38 U.S.C. § 4103A(a)(1) by including Service members eligible for TAP as persons who may receive intensive services and placements from Disabled Veterans' Outreach Program specialists under chapter 41 to meet their employment needs. **VA has no objection to section 4.**

VA does not support section 5. Under current 38 U.S.C. § 6320(b)(1), VA Solid Start (VASS) employees conduct individualized conversations tailored to the

needs of recently separated Service members to increase awareness and utilization of VA benefits and services. VASS calls are not scripted and are driven solely by the needs of the individual at the time of each interaction. VASS employees have the necessary training and resources to provide information about all VA benefits to interested Veterans. If amended, section 5(b) of the bill would require the VASS program to provide TAP materials to all VASS-eligible individuals, regardless of their interest in the materials. This could overwhelm Veterans in their pursuit for specific, individualized information as TAP materials cover all VA benefits. VASS is designed to augment TAP by narrowing information specific to individuals after they have transitioned from active service by providing materials and electronic links specifically discussed during the one-on-one call between the VASS representative and the Veteran. This includes access to the online TAP curriculum, if appropriate or requested. This requirement would undermine the goal of a personalized experience.

Section 5(c) would require the VASS program to gather and analyze data assessing the effectiveness of TAP, a program for which it has no operational access or oversight. VA TAP already assesses the effectiveness of the VA TAP program and seeks opportunities for continuous improvement.

Section 6 would require VA to establish a pilot program that would permit certain members of the Armed Forces to pre-enroll in VA's healthcare enrollment system. This section is identical to the unnumbered bill discussed above titled "Combat Veterans Pre-Enrollment Act of 2024. As noted above regarding the "Combat Veterans Pre-Enrollment Act of 2024" bill, **VA does not support section 6 of this bill.**

H.R. XXXX [Relating to Flight Training]

This bill would amend 38 U.S.C. § 3313(g)(3)(C) to limit the amount of educational assistance payable for flight training under the Post-9/11 GI Bill. This bill would establish a $100,000 maximum total amount payable for flight training fees for an individual first pursuing a flight training program offered by a public institution of higher learning (IHL) on or after August 1, 2025. For each fiscal year, the Secretary would have to provide a cost-of-living percentage increase in the maximum amount payable.

VA would support this bill, if amended. VA supports establishing a $100,000 fee cap that is adjusted annually by the Consumer Price Index for flight training programs. This approach is consistent with VA's published fiscal year 2024 legislative proposal that aimed to prevent VA from providing unlimited amounts of payment for flight training at public schools. However, it is unclear whether the lifetime cap would apply to both degree and non-degree flight programs offered by public IHLs. Additionally, VA has concerns with the effective date, as implementation would require IT system changes and may significantly impact the timeline for full implementation of the Digital GI Bill initiative. VA welcomes the opportunity to work with the Committee to provide technical assistance to ensure that this bill meets its intended goal.

Mandatory savings to the Readjustment Benefits account are estimated to be $0 in 2024, $2.2 million over five years, and $5.0 million over ten years. No VBA administrative costs are associated with this bill. VA estimates the information technology costs associated with the enactment of this legislation to be $3.2 million. VA would implement the new rules into the Digital GI Bill (DGIB) platform solution and make these changes within the current modernization effort. Specifically, changes to the data interfaces and microservices for Benefits Manager, My Education Benefits, and changes to our "Rules" and "Letters" standard requirements would be necessary. Due to current DGIB priorities (retiring the Benefits Delivery Network and increasing Automation), VA would not be able to start implementing this solution until the last quarter of calendar year 2025. This estimate is based on current priorities and funding levels staying as is.

H.R. XXXX [Restoration of Entitlement to Educational Assistance due to Violation of Prohibitions]

This bill would restore entitlement to educational assistance to individuals who pursue a course or program of education at an educational institution found to have violated certain prohibitions on advertising, sales and enrollment practices.

VA supports this bill. This bill would amend 38 U.S.C. § 3696 to authorize VA to restore entitlement to individuals who received educational assistance under 38 U.S.C. chapters 30, 31, 32, 33 or 35 or 10 U.S.C. chapters 1606 or 1607 at an educational institution when the Under Secretary for Benefits determines that the educational institution violated 38 U.S.C. § 3696(a), (c), or (d). Those provisions prohibit educational institutions from engaging in substantial misrepresentation; limit certain commissions, bonuses, and other incentive payments; and require educational institutions to maintain records of all advertising, sales, or enrollment materials utilized by or on behalf of the institution during the preceding two-year period.

Additionally, this bill would amend 38 U.S.C. § 3696(h) to require that an educational institution or the owner of an educational institution, upon a final determination by the Under Secretary for Benefits, repay to VA all amounts of educational assistance paid to the educational institution by or on behalf of an individual who pursued a course or program of education at the institution during the time period when the violation occurred. Educational institutions must agree to this repayment as a condition of approval. Finally, this bill would add a new 38 U.S.C § 3679(g) that would permit VA to disapprove a course or program of education offered by the educational institution until the educational institution repays the amount of educational assistance to VA. This bill would apply to a violation that occurs on or after the date that is 180 days after the date of enactment.

VA supports the protections this bill seeks to afford our nation's Veterans and believes this bill would help safeguard taxpayers' dollars when violations are found.

However, VA believes this bill should also apply when disapproval actions are taken by the State Approving Agencies (SAA) under 38 U.S.C. § 3679(f)(2). Doing so would expand oversight and allow for the most expeditious process for safeguarding the integrity of the GI Bill. VA is also concerned that, if a SAA were to disapprove a program, this bill would not provide VA with the authority to recoup educational assistance from the educational institution. For this reason, VA recommends amending the bill to allow for restoration of entitlement and recoupment of educational assistance whenever there is a finding under 38 U.S.C. § 3696 by either the SAA or the Under Secretary for Benefits.

Savings to the mandatory Readjustment Benefits account are estimated to be $0 in 2024, $10.7 million over five years, and $29.1 million over ten years. No discretionary costs are associated with this bill.

H.R. XXXX [Related to the Work Study Allowance]

This bill would amend 38 U.S.C. § 3485(a)(5) to include employment activities at the offices of a committee of the Senate or House of Representatives. The bill would also include, as qualifying work-study activities, activities supporting casework, policy making, and oversight related to VA activities carried out at the offices of the Senate or House of Representatives, the Congressional Research Service, the Government Accountability Office, or the Congressional Budget Office.

VA supports this bill. This bill would expand eligible activities that qualify for the work-study allowance.

Mandatory costs to the Readjustment Benefits account are estimated to be $348,000 in 2024, $4.7 million over 5 years, and $12.1 million over 10 years. No discretionary costs are associated.

H.R. XXXX [Terminology Regarding Veteran Employment]

This bill would update terminology in title 38, United States Code, by replacing the term “employment handicap” with “employment barrier.”

VA supports this bill. Additionally, VA recommends an additional amendment to the bill to replace the term “serious employment handicap” with “serious employment barrier” in title 38.

No mandatory or discretionary costs are associated with this bill

Conclusion

This concludes my statement. We would be happy to answer any questions you or other members of the Subcommittee may have.