

LEGISLATIVE HEARING ON
H.R. 913; H.R. 980; H.R. 1364; H.R. 1458;
H.R. 1960; H.R. 1527; H.R. 1793; H.R. 1872;
H.R. 1815; H.R. 1814; H.R. 1957; H.R. 1423; AND
H.R. 1803

HEARING
BEFORE THE
SUBCOMMITTEE ON ECONOMIC
OPPORTUNITY
OF THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

TUESDAY, MARCH 11, 2025

Serial No. 119-9

Printed for the use of the Committee on Veterans' Affairs



Available via <http://govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

WASHINGTON : 2025

COMMITTEE ON VETERANS' AFFAIRS

MIKE BOST, Illinois, *Chairman*

AUMUA AMATA COLEMAN RADEWAGEN, American Samoa, <i>Vice-Chairwoman</i>	MARK TAKANO, California, <i>Ranking Member</i>
JACK BERGMAN, Michigan	JULIA BROWNLEY, California
NANCY MACE, South Carolina	CHRIS PAPPAS, New Hampshire
MARIANNETTE MILLER-MEEKS, Iowa	SHEILA CHERFILUS-MCCORMICK, Florida
GREGORY F. MURPHY, North Carolina	MORGAN MCGARVEY, Kentucky
DERRICK VAN ORDEN, Wisconsin	DELIA RAMIREZ, Illinois
MORGAN LUTTRELL, Texas	NIKKI BUDZINSKI, Illinois
JUAN CISCOMANI, Arizona	TIMOTHY M. KENNEDY, New York
KEITH SELF, Texas	MAXINE DEXTER, Oregon
JEN KIGGANS, Virginia	HERB CONAWAY, New Jersey
ABE HAMADEH, Arizona	KELLY MORRISON, Minnesota
KIMBERLYN KING-HINDS, Northern Mariana Islands	
TOM BARRETT, Michigan	

JON CLARK, *Staff Director*

MATT REEL, *Democratic Staff Director*

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

DERRICK VAN ORDEN, Wisconsin, *Chairman*

JUAN CISCOMANI, Arizona	CHRIS PAPPAS, New Hampshire, <i>Ranking Member</i>
ABE HAMADEH, Arizona	
KIMBERLYN KING-HINDS, Northern Mariana Islands	MORGAN MCGARVEY, Kentucky
TOM BARRETT, Michigan	DELIA RAMIREZ, Illinois
	TIMOTHY M. KENNEDY, New York

Pursuant to clause 2(e)(4) of Rule XI of the Rules of the House, public hearing records of the Committee on Veterans' Affairs are also published in electronic form. **The printed hearing record remains the official version.** Because electronic submissions are used to prepare both printed and electronic versions of the hearing record, the process of converting between various electronic formats may introduce unintentional errors or omissions. Such occurrences are inherent in the current publication process and should diminish as the process is further refined.

C O N T E N T S

TUESDAY, MARCH 11, 2025

	Page
OPENING STATEMENTS	
The Honorable Derrick Van Orden, Chairman	1
The Honorable Chris Pappas, Ranking Member	2
WITNESSES	
PANEL I	
Mr. John Bell, Executive Director, Loan Guaranty Service, U.S. Department of Veterans Affairs	3
Accompanied by:	
Mr. Nick Pamperin, Executive Director, Veteran Readiness and Employ- ment, U.S. Department of Veterans Affairs	
Mr. Thomas J. Alphonso, Assistant Director, Policy and Implementation, VBA Education Service, U.S. Department of Veterans Affairs	
Ms. Jill Albanese, Director of Clinical Operations, U.S. Department of Veterans Affairs	
PANEL II	
Ms. Kristina Keenan, Deputy Director, National Legislative Service, Veterans of Foreign Wars	16
Ms. Julie Howell, Associate Legislative Director for Government Relations, Paralyzed Veterans of America	17
Ms. Elizabeth Balce, Executive Vice President of Servicing at Carrington Mortgage, Mortgage Bankers Association	19
Mr. Tobias Peter, Co-Director of the Housing Center, Senior Fellow, American Enterprise Institute	20
Mr. Will Hubbard, Vice President for Veterans and Military Policy, Veterans Education Success	22
APPENDIX	
PREPARED STATEMENTS OF WITNESSES	
Mr. John Bell Prepared Statement	35
Ms. Kristina Keenan Prepared Statement	43
Ms. Julie Howell Prepared Statement	46
Ms. Elizabeth Balce Prepared Statement	50
Mr. Tobias Peter Prepared Statement	55
Mr. Will Hubbard Prepared Statement	82
STATEMENTS FOR THE RECORD	
National Alliance to End Homelessness Prepared Statement	93

IV

APPENDIX—CONTINUED

	Page
BraunAbility and the National Mobility Equipment Dealers Association Prepared Statement	95
Freedom Mortgage Prepared Statement	97
National Consumer Law Center Prepared Statement	99
National Association of Veterans Program Administrators Prepared Statement	102
Student Veterans of America Prepared Statement	109
Veterans Education Project Prepared Statement	116

**LEGISLATIVE HEARING ON
H.R. 913; H.R. 980; H.R. 1364; H.R. 1458;
H.R. 1960; H.R. 1527; H.R. 1793; H.R. 1872;
H.R. 1815; H.R. 1814; H.R. 1957; H.R. 1423; AND
H.R. 1803**

TUESDAY, MARCH 11, 2025

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY,
COMMITTEE ON VETERANS' AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:15 a.m., in room 360, Cannon House Office Building, Hon. Derrick Van Orden (chairman of the subcommittee) presiding.

Present: Representatives Van Orden, Hamadeh, King-Hinds Barrett, Pappas, McGarvey, Ramirez, and Kennedy.

Also present: Representatives Obernolte, and Meng.

OPENING STATEMENT OF DERRICK VAN ORDEN, CHAIRMAN

Mr. VAN ORDEN. Good morning. The subcommittee will come to order. Welcome to the witnesses and subcommittee members to today's hearing.

As I have often said in the subcommittee, this is not a bipartisan committee. This is a nonpartisan committee. We owe that to those who have served our country. This legislative hearing will continue in that spirit.

We have got 14 important legislative proposals to consider here today. It is important to note that not all of these proposals will move forward to the legislative process. We hold legislative hearings to learn from U.S. Department of Veterans Affairs (VA) and other groups about their views on the bills to ensure members are making, excuse me, informed decisions when they do or do not mark them up. We value the insight provided by these stakeholders and agencies as an essential part of this process. A number of these proposals seek to improve education programs for American veterans to ensure that taxpayers dollars are used responsibly. I specifically want to highlight three of my bills that are on today's agenda.

My first bill will modernize the requirements for VetSuccess on Campus officers, or VSOCs, and allow employees to have a minimum of a bachelor's degree in the relevant field of study instead of a master's degree. This change will allow our VSOCs to serve more students and veterans on campus without a degradation of those services.

Another bill that I have is Restoring the VA Home Loan Program in Perpetuity Act. This legislation would limit the number of direct loans VA is authorized to purchase back to what the VA had traditionally done before the creation of the VA Services Purchase Program, or VASP. I believe if we do not change VASP, this program will continue to be a trojan horse on VA's books that could ruin the VA Home Loan Program forever.

Listen, the two greatest programs ever developed by this government are the GI Bill and the VA Home Loan Program, and I am not going to allow either one of those to fail. I have used my right as a—to get a home loan—excuse me, I have used my VA Home Loan Guarantee to buy homes several times. If the Biden version of VASP was allowed to continue, I fear that the home loan will not exist in the future for my fellow veterans. My bill is needed to change it to protect the benefit that has helped so many veterans since 1943.

My final bill would provide an option for the waterfall for veterans going through the loss mitigation by establishing a partial claim program. This program would bring the VA Home Loan Program on par with other programs such as Federal Housing Administration (FHA), Fannie Mae, and Freddie Mac. Many of you have heard me express my concerns and frustration with the idea of VA taking responsibility for as many as 60,000 mortgages that would put American taxpayers on the hook when the foreclosures are to the tune of \$16 trillion through VASP. This legislation would allow VA to provide limited assistance and includes mechanisms to encourage repayments as soon as veterans are able. I look forward to working with the minority to see if we can find a better way to help the veterans without destroying the VA Home Loan Program.

Additional bills that we will consider will address the Veterans Readiness and Employment (VR&E) program, adaptive automobile equipment, GI Bill, and homeless programs through the VA. I have reservations about some of these proposals on the agenda today, and the witnesses' testimony and questions from the members will hopefully address some of these issues so we can make an informed decision about whether to move these bills forward through the legislative process.

We look forward to hearing from the members who have introduced these proposals, as well as our witnesses on how we can continue to improve these bills and better the lives of our veterans.

OPENING STATEMENT OF CHRIS PAPPAS, RANKING MEMBER

I now yield to my friend Mr. Pappas, the ranking member, for 5 minutes.

Mr. PAPPAS. Well, thank you to my friend the chairman for holding this hearing, and we all know that for agencies to be able to carry out their duties, our work here is critically important.

I know we have several pieces of legislation that we will consider. Some of them are very strong pieces of legislation and I want to take this opportunity to highlight a few of them. On the agenda today, there are three bills that are intended to improve the VR&E program, including my legislation to improve the experience for VA and veterans, to ensure that each veteran has the best possible

chance for a success outcome in the program. I thank the chairman for including this bill on the agenda.

I think we all recognize that we can write whatever bills we want to with respect to VR&E, but if VA continues to terminate employees at the same rate it has over the last weeks, it will not matter. We are hearing from student veterans around the country who have seen impacts to the VR&E program following the Department of Government Efficiency (DOGE) firings. Now, in late 2024, this subcommittee held a hearing on VR&E where one of the main takeaways was that it is not employing enough counselors and support staff. We know this has been an issue for a long period of time. However, some of the DOGE firings were from the VR&E program from individuals who were just hired. Instead of making progress, we are going in the wrong direction. That has, undoubtedly, increased wait times for new student veterans to enroll, will cause delays for existing student veterans to get class materials. We need to hear more about this.

I want to quote Chairman Bost, who said that he takes Secretary Collins, quote, "at his word when he says there will be no impact to the delivery of care, benefits, and services for veterans with this plan." Let us be honest with ourselves and, frankly, taxpayers. We know there will be impacts. I urge Secretary Collins to grab the wheel from DOGE, change course, bring back the lost staff to VR&E and other critical areas within VA.

Now, moving on to the rest of the items on the agenda, I am really thankful to Chairman Van Orden for including three more critical measures, the End Veteran Homelessness Act, the Guard and Reserve GI Bill Parity Act, and the Fair Access to Co-ops Act, in the agenda. There has been significant progress made during the last four Presidential administrations from both parties to end veteran homelessness. That includes a 52 percent reduction in veterans experiencing homelessness, according to U.S. Department of Housing and Urban Development (HUD). The End Veteran Homelessness Act from Ranking Member Takano is a visionary bill that will be the final piece of this important puzzle. It will make more veterans eligible for the programs Congress has already authorized, closing gaps in eligibility.

Next, the Guard and Reserve GI Bill Parity Act introduced by our colleague Mike Levin, would finally provide GI Bill parity of benefits to our Guard and Reserve members. The bill is overdue. We simply depend on Guard and Reserve forces more, and it is time the benefit keeps pace with the demands.

Finally, the Fair Access to Co-ops Act from Representative Meng. The VA Loan Guarantee Program, commonly known as VA Home Loan Program, is one of the best benefits that a veteran can utilize. The benefit is not able to be used for co-op housing. Many of us have co-op housing in our district. I hope we can continue to work on this legislation so veterans who are searching for housing are able to consider all options for their home purchases.

Again, I want to thank the Chairman, our witnesses, and those who are watching for making this hearing happen. I yield back.

Mr. VAN ORDEN. Thank you, Mr. Pappas. I will now introduce the witness panel.

Our first witness is Mr. John Bell, the executive director of Loan Guaranty Services at the Department of Veterans Affairs. Mr. Bell is accompanied by Mr. Nick Pamperin, executive director of Veterans Readiness & Employment; Mr. Thomas Alphonso, education director of Education Services; and Ms. Jill Albanese, director of Clinical Operations.

Will the witnesses please rise? Raise your right hand.

[Witnesses sworn.]

Mr. VAN ORDEN. You may be seated. Thank you. Let the record reflect the witnesses have answered in the affirmative.

All the witnesses will respect the 5-minute rule. Thank you very much, Mr. Bell. You are now recognized for 5 minutes to deliver your testimony on behalf of the Department of Veterans Affairs.

STATEMENT OF JOHN BELL

Mr. BELL. Good morning, Chairman Van Orden, Ranking Member Pappas, and members of the subcommittee. Thank you for inviting us here today to present our views on several bills that would affect the Department of Veterans Affairs' programs and services. Joining me today are Nick Pamperin, executive director of Veterans Benefits Administration (VBA) Veteran Readiness & Employment Service; Mr. Tom Alphonso, assistant director of Policy and Implementation from VBA's Education Service; and Ms. Jill Albanese, the director of Clinical Operations and senior advisor to the executive director for the VA Homeless Program office at Veterans Health Administration (VHA). While VA's views on all of the bills are detailed in my written testimony, including areas of concern and support, I would like to highlight several bills in my opening remarks.

First, VA supports the Modernizing Veterans Success on Campus Experience Act of 2025 as it would allow VA to hire staff to perform services that do not require a master level's counseling degree. This would improve veterans' overall access to services, including counselors with higher level degrees to support them in their educational and career goals. VA also appreciates this committee's efforts to expand veterans' opportunities for accredited independent study programs and, as such, supports the Vets Opportunity Act of 2025.

The VA also supports the Draft Guard and Reserve GI Bill Parity Act, but we have concerns as to whether the U.S. Department of Defense (DOD) would be able to provide the data necessary for implementation. Further, if DOD has the data readily available, VA anticipates needing 18 to 24 months to take the necessary adjustments to our adjudication procedures.

VA strongly supports efforts to end veteran homelessness and, as such, we support the End Veteran Homelessness Act of 2025. However, we do not support the Homeless Grant and Per Diem Program Applications bill because we believe it to be unnecessary and overly prescriptive.

Finally, VA supports the Automotive Support Services to Improve Safe Transportation (ASSIST) Act of 2025 subject to amendments. VA appreciates that the bill would allow VA to provide any medically necessary automobile adaptation for safe entry, exit, and operation of a vehicle. However, including nonarticulated trailers,

which are separate conveyance, would significantly increase cost of VA and taxpayers without a clear benefit to veterans that is aligned with the program.

Mr. Chairman, this concludes my statement. We appreciate congressional intent and welcome the opportunity to work closely with Congress on all of the bills on today's agenda. My colleagues and I are prepared to respond to any questions on these bills that you or other members of the subcommittee may have.

[THE PREPARED STATEMENT OF JOHN BELL APPEARS IN THE APPENDIX]

Mr. VAN ORDEN. Thank you, Mr. Bell. The written statement of Mr. Bell will be entered into the hearing record.

We will now proceed with questionings. With questioning, I ask all members to please respect the 5-minute rule. Again, if you want to go into a second round, more than happy to.

I now recognize the ranking member, Mr. Pappas, for 5 minutes.

Mr. PAPPAS. Thank you very much, Mr. Chairman.

Mr. Pamperin, I wanted to see if I could start with you. Last week, members of the Student Veterans of America were on the Hill advocating for policy, also raising alarm bells regarding VR&E. Considering the legislation before us I want to gain a greater understanding of the health of the program and we sent over some questions last month, but wondering if you could answer a few of the questions contained in that letter today.

Counselors were deemed essential and ineligible from the fork in the road, is that correct?

Mr. PAMPERIN. I appreciate the question. Counselors were exempt.

Mr. PAPPAS. Okay. Have any individuals within the VR&E programs, such as Vocational Rehabilitation Services (VRS) positions that support counselors and allow them to take on more cases, have they been removed by the recent—have any of them been removed by recent VA terminations?

Mr. PAMPERIN. Respectfully, I will have to take that for the record, sir.

Mr. PAPPAS. Is it correct that VR&E counselor positions are not exempt from the hiring freeze?

Mr. PAMPERIN. I will have to take that for the record.

Mr. PAPPAS. Okay. Have any VR&E counselors left the program voluntarily or involuntarily since the hiring freeze was put in place? If so, how many?

Mr. PAMPERIN. I do not have a number as for how many have voluntarily left. I will take that for the record.

Mr. PAPPAS. Do you have any sense if—you know, we had this hearing, as I mentioned in my opening last year, about the dire need to onboard more counselors to support this program. That is a game changer for veterans. Do you have any sense if we are moving in the right direction with respect to VR&E workforce?

Mr. PAMPERIN. I feel I will have to take that for the record.

Mr. PAPPAS. Okay. Last year, wait times were bad, in some cases 6 to 8 months. That was before recent actions have been taken, including a hiring freeze that was put in place. We heard from student veterans last week that were enrolled in VR&E that have re-

ported longer wait times. Can you speak to the issue of wait times, if those have increased?

Mr. PAMPERIN. Respectfully, sir, I do not have the numbers for the wait times at this time. I will have to take that for the record.

Mr. PAPPAS. Okay. We are talking about basic information that impacts a critical program that provides for our veterans. We are talking about staffing levels, wait times. These are not new issues. These are issues that have been before this committee for some period of time and have elicited bipartisan concern. We did send a letter last month. We are really interested in your attention to these issues and await any response you can give us.

I want to move to my legislation which is a draft bill to redevelop the individualized vocational rehab plan. I want to thank the chairman again for including this legislation in draft form. I am wondering, if employment outcomes currently are the only reason that a plan might be developed and what are other reasons why one might be changed?

Mr. PAMPERIN. I appreciate the question, sir. There are a number of reasons why a plan may be redeveloped. If a veteran's disabilities worsen over time and that employment outcome is no longer viable, that is an option to redevelop a plan. If labor market conditions change for a track that a veteran is in, that is no longer a viable option. A plan can be redeveloped. We do support this legislation as it removes some what I will call squishy language, like "if applicable," and really lays out much more defined conditions for when a plan can be redeveloped, making it a much more consistent decision.

Mr. PAPPAS. Do repeated changes to an individualized plan impact counselor caseloads and does that result in longer wait times?

Mr. PAMPERIN. It would not affect a counselor's caseload if they are already in a plan. That veteran is already captured in that counselor's caseload.

Mr. PAPPAS. Mr. Bell, if I could turn to you. You know there is great support for the VA Loan Guarantee Program and I am wondering if you can provide some more information about the direction of this program. How many individuals are employed at the VA Home Loan Guarantee Office?

Mr. BELL. I will have to take that for the record.

Mr. PAPPAS. Okay. Similarly to my questions for Mr. Pamperin, have we seen any terminations in this office? If so, how many?

Mr. BELL. I will take that for the record.

Mr. PAPPAS. Any employees in that office take the fork in the road?

Mr. BELL. I will take that for the record, sir.

Mr. PAPPAS. It has been reported that tens of thousands of homeowners are at risk of foreclosure, could be eligible for VASP. I think this is a serious concern that we have got to focus on. There are roughly 35,000 homeless veterans on any given day. How many veterans are supported by VASP currently? I see my time is almost out.

Mr. BELL. We have 15,000 veterans that are in the VASP program.

Mr. PAPPAS. Look forward to follow up on those questions that I asked you.

I yield back.

Mr. VAN ORDEN. The gentleman yields.

The chair now recognizes the gentlelady Ms. King-Hinds for 5 minutes.

Ms. KING-HINDS. Thank you, Chairman Van Orden, and thank you to all the witnesses for being with us today.

I am from the Northern Mariana Islands and, you know, throughout a series of these hearings, I have been talking about issues with access to services, right, and the limited opportunities for our vets to be—to avail of a lot of these programs and services. I want to ensure that when we have policy conversations that people in the territories and remote and rural areas are at the forefront of these conversations because they are heavily impacted.

My question is to Ms. Albanese. All right. I know that this committee has heard concerns that urban Grants and Per Diem Program (GPD) providers have a significantly bigger support network than their rural counterparts, which has led to rural providers not being able to submit the applications correctly and creating a lack of transitional housing in rural communities. Would you know if this would be the case in the Commonwealth of the Northern Mariana Islands (CNMI) if this program currently is available to the territories?

Ms. ALBANESE. The GPD program, as well as many of our other homeless programs, are available throughout the country and in territories. You know, we do have a very competitive grant application process. We are happy to work with the committee on any concerns about the grant application process, but those grants would be available.

Ms. KING-HINDS. Okay. Are you seeing any challenges with regards to the lack of community organizations that the VA can work with to be able to administer some of these programs or issues with the fact that because of the thresholds, right, that are provided by law or by rule, which limits the opportunity for the territories to be able to participate?

Ms. ALBANESE. I am not aware of any particular barriers to any providers that are trying to get grants. We have a wide variety of grantees that do receive grants through both our—all of our grant programs. Again, we would be happy to work with the committee on any concerns around barriers to applications.

Ms. KING-HINDS. Okay, thank you for that.

My next question is to Mr. Pamperin. We have heard a lot of stories about how veterans basically are getting ghosted by their counselors, right, and have no way of reaching out to anyone. Do you believe there is a need for a hotline or available contact information for the VR&E program? Would this hotline be also available to areas like the territory and remote areas?

Mr. PAMPERIN. I appreciate the question, ma'am. There is a piece of pending legislation to add the VR&E specific portion to the education call center, which we do support. As far as availability for the territories, just to agree, I would have to take that for the record. I am not quite sure I know the answer.

Ms. KING-HINDS. All right. That would be great.

Thank you. I yield back, Mr. Chairman.

Mr. VAN ORDEN. The chairman recognizes Mrs. Ramirez for 5 minutes.

Ms. RAMIREZ. Thank you, Chairman.

In the past 72 hours, I have received about 20,000 messages from constituents, veterans, and family members of veterans demanding that I do everything in my power to ensure that the VA and the services for our veterans are not destroyed. As I start my questions, I want to say clearly to all our veterans and to all the families who wrote to me, I have over 20,000 veterans in my district and I need you to know that your message and your mission is received. I want to use today for some real talk about the impact of the Musk-Trump agenda on veteran homelessness.

The VA and its staff provide services and programs that prevent and end veteran homelessness, which is precisely why I was alarmed by the VA's recent opposition to the End Veteran Homelessness Act of 2025. You would think that at a time when the administration's irresponsible firing spree is disproportionately impacting veterans and stripping veteran employees of the VA and other agencies of their gainful employment, we would be doing everything in our resource and at our disposal to ensure more veterans are placed into and retained housing.

Ms. ALBANESE, I want to direct this question to you. Are there currently unutilized U.S. Department of Housing and Urban Development-Veterans Affairs Supportive Housing (HUD VASH) vouchers that could be used to house veterans?

Ms. ALBANESE. Yes, there are currently around 10,000 HUD VASH vouchers available for use.

Ms. RAMIREZ. There is about 88,000 vouchers under lease and there are what over 24,000 unutilized?

Ms. ALBANESE. We have over 90,000 veterans under lease in HUD VASH. We do set aside some vouchers for project-based developments and right now when we take the total available vouchers for use and then take away those set-asides, we have about 10,000 vouchers available for use.

Ms. RAMIREZ. Okay. Let me ask you a follow-up question. Are there homeless veterans who cannot access the HUD VASH programs because they are ineligible?

Ms. ALBANESE. There are eligibility restrictions for veterans, so yes.

Ms. RAMIREZ. Your answer is yes, there are homeless veterans who cannot access the program because they are ineligible. Let me ask you a follow-up question. If there are about 24,000 unused vouchers, we would say, would the End Veteran Homelessness Act of 2025 bill address eligibility issues for veterans who currently cannot use HUD VASH to help us get those outstanding vouchers utilized? Yes or no?

Ms. ALBANESE. Yes. The bill does broaden the eligibility for veterans.

Ms. RAMIREZ. Therefore, it makes it possible for these veterans who are currently ineligible to get access, correct?

Ms. ALBANESE. Potentially, yes.

Ms. RAMIREZ. Let me ask you another question here. Will this bill allow veterans who are housed under another type of voucher, but need VASH case management to transfer into the HUD VASH

program and free up their existing voucher for someone else in need?

Ms. ALBANESE. It would allow the transfer, yes.

Ms. RAMIREZ. I worked in homelessness, addressing homelessness for many years, so this is actually a very important issue to me. I have a couple more questions for you.

Would this bill make it easier for public housing authorities to use other HUD VASH vouchers by allowing them to use administrative funds to incentivize landlords to rent to veterans?

Ms. ALBANESE. We would need to work with our HUD colleagues on that. HUD directs the Public Housing Agencies (PHA), not VA. There are a variety of reasons why vouchers cannot be leased out through PHAs, but potentially it could help, yes.

Ms. RAMIREZ. Okay. My last question to you is, would helping VA and HUD utilize all the HUD vouchers help communities end veteran homelessness, yes or no? Would it help?

Ms. ALBANESE. Yes.

Ms. RAMIREZ. Thank you. Ms. Albanese, based on what I am hearing, the End Veteran Homelessness Act of 2025 would go a long way toward solving some of the most critical barriers to housing for homeless veterans. Secretary Collins claims to care about getting veterans off the streets and into housing, but in opposing a bill that directly addresses how the HUD VASH program can be used to house unhoused veterans, we can see that this administration does not actually really care about addressing homelessness. I mean, how do you say you care and you are opposing this bill that would help so many veterans who currently are ineligible access these vouchers?

Let me say this, Chairman, to Secretary Collins, not to you. I do not know how you can say that you care deeply and actually do the opposite. Everything the administration is doing will only result in more veterans and their families push into homelessness. Anyone who gives a damn about veterans should support the End Veterans Veteran Homelessness Act of 2025.

With that, Mr. Chairman, I yield back.

Mr. VAN ORDEN. The gentlelady yields.

The chair now recognizes Mr. Barrett from the great State of Michigan.

Mr. BARRETT. Thank you, Mr. Chairman. Appreciate it.

Mr. VAN ORDEN. Directly across the—

Mr. BARRETT. Lake Michigan.

Mr. VAN ORDEN. Lake Wisconsin from—

Mr. BARRETT. Appreciate that. Thank you, sir. Thank you for joining us today.

I am not sure, perhaps, Mr. Bell, I know you kind of gave the opening remarks. Would you be the best person to speak on the ASSIST Act and your Department's position on that?

Ms. ALBANESE. That would be me.

Mr. BARRETT. Okay, very good. Well, thank you, ma'am, and appreciate you joining us today. I know that—and maybe you can help walk me through. I know generally the Department is supportive, but you had some questions or concerns about the issue about nonarticulating trailers. Could you kind of walk me through that?

Ms. ALBANESE. Yes, correct. Basically, it is safety concern. These devices are not necessarily part of a vehicle modification. They are separate devices for the most part. The National Highway Traffic Safety Administration has not signed off on safety for those. Therefore, we are not able to sign off on those either. We do have concerns about the safety.

The other amendment, if I may, is that we do feel that it would be better to just define this more broadly as any medical necessary device. That way it would give us more flexibility. You know, technology changes all the time with prosthetics and such and so this would give us more flexibility in the future.

Mr. BARRETT. We do not want to work ourselves out of a job here. You know, someone has got to write the next bill for—no, I am just teasing you but appreciate that insight and I think that is helpful. Appreciate the general support from the Department as well.

On the issue, though, of the nonarticulating trailers, it is my understanding that a number of veterans, and I have heard from veteran organizations about this, they use those for other mobility devices, that they would use a motorized, you know, automated wheelchair of some kind or another, a scooter device, something like that. They may not have any other way of transporting that equipment otherwise. What would be the Department's view or vantage point of figuring out a way to integrate that need into what we are trying to accomplish in this bill?

Ms. ALBANESE. I may need to take that for the record, but it is my understanding there is other legislation that does allow for the non-articulating trailers. Again it would be best for me to take that for the record.

Mr. BARRETT. Okay. No, I appreciate your feedback and insight on that.

The other question I had was about the GI Bill, National Guard and Reserve component, GI Bill. I am trying to find that. I think it is H.R. 1423. Who would be best to—

Mr. ALPHONSO. That is me.

Mr. BARRETT. Very good. Thank you, sir. I understand that in the remarks you said that you were concerned, I believe, about the DOD transferring over records in relation to what that would require. Can you help me understand that better? I feel like, you know, I served in Reserve Guard component as well as active component like many of our Reserve component members do where they are activated for a period and then put back on, you know, a nonactivated status. I do not feel like those records should be difficult to transfer.

Mr. ALPHONSO. Right. Our statement is that we currently do data transfers with the Department of Defense. It does not include this data. Our statement is we would first have to contact DOD. We do not—we are not saying the data is not available.

Mr. BARRETT. Okay.

Mr. ALPHONSO. We are saying we do not know. We have to first confirm what is available through DoD, then confirm how can they be transferred. We have to update Memorandums of Understanding of the sort and then build the infrastructure for the data to be transferred and moved into our systems.

Mr. BARRETT. Okay. Well, I have a specific interest in VA technology systems, so I can look forward to working with you in that regard. I think it is something that certainly is within our capability of doing. I hope it is within the Department's capability of doing. Certainly happy to press the DOD on how we can do that because I think it is something that would make a big, significant difference for individuals who served, in many regards, on multiple deployments themselves, but may not have achieved the specific active component segmented time that would add up to their full benefits for the GI Bill. Look forward to working with you in that effort as well.

With that, Mr. Chairman, I yield back. Thank you.

Mr. VAN ORDEN. The gentleman yields back.

The chair now recognizes Mr. Hamadeh for 5 minutes.

Mr. HAMADEH. Thank you, Mr. Chairman.

As an Army veteran and former intelligence officer, I understand the critical importance of ensuring our veterans have access to economic opportunities and the support they have earned through their service. Arizona is home to Luke Air Force Base and a growing number of veterans rely on programs like the VA Home Loan, Veteran Readiness and Employment, and education benefits which my bipartisan bill H.R. 1893 seeks to address. Many of these bills we are discussing today directly impact the lives of thousands of veterans in my district and across Arizona.

My first question is for you, Mr. Bell. As you may know, Arizona is experiencing rapid growth, economic growth, but also significant challenges in our housing affordability, like so many other states. Our veterans deserve stability and security in their homes. I am concerned about the VA's Veteran Affairs Servicing Purchase Program, VASP, potentially placing additional risk on taxpayers. Could you explain how the VA justifies servicing tens of thousands of mortgages through VASP as a better financial alternative than implementing a partial claims program?

Mr. BELL. Yes, sir. Thank you for the question. VASP was a last resort option through the time where we saw significant increase in interest rates. We had a majority of our portfolio that had lower interest rates. We were trying to, at the time, the VA was trying to help both reduce monthly mortgage payments as well as account for arrearages over a specified period of time. It is not the end-all, be-all program to help our veterans. We know that there is other loss mitigation options and tools that are available and we look forward to working with the administration to, one, evaluate where we currently are, and then as well come back and work with the committee to continue to expand those opportunities.

Mr. HAMADEH. Well, now currently with President Trump in office, we have seen a lowering of the interest rates. Is there a plan for the VA to adjust to that?

Mr. BELL. We continue to see strong performance from our VA portfolio. Matter of fact, we are up in every category from a loan guarantee standpoint. We are up a year over year in purchase and refinancing as well as, you know, our comparative default ratios versus other programs. We are continuing to see VA perform very well against its competition.

Mr. HAMADEH. Does VASP start limiting its usage when the home interest rates keep going down?

Mr. BELL. Again, I do not want to get ahead of the administration and the administration goals as to the future of VASP or the future of the program. What I can say is it never was intended as the stop gap for all mortgages or a long-term program in the home loan guarantee.

Mr. HAMADEH. Does the VA have the authority to implement a partial claim program?

Mr. BELL. That is a great question, sir. I would say that through our current legal landscape, there is nothing in the statutory framework that expressly authorizes VA to do that. Under the original partial claim program that we had during COVID, that was we utilized the CARES Act and the emergency procedures that we had in place. Those currently do not exist. We would look forward to working with committee as well as, of course, with the administration to make sure that we are lockstep and how we are moving forward.

Mr. HAMADEH. Thank you. Mr. Alphonso, regarding the Veteran Education and Technical Skills, or VETS, Opportunity Act, how will this bill specify specifically benefit veterans pursuing online education programs?

Mr. ALPHONSO. Thank you. It does add additional—it removes some bars that currently exist in statute to some of the online. What it does add specifically provisions is that it must be—must engage with substantial interaction with an instructor. It opens up the opportunity and it adds some barriers, some guardrails.

Mr. HAMADEH. I yield back.

Mr. VAN ORDEN. The gentleman yields.

The chair now recognizes the gentleman from the great State of Kentucky, Mr. McGarvey, for 5 minutes.

Mr. MCGARVEY. Thank you, Mr. Chairman. Thank you all for being here today.

Look, it goes without saying we are in a housing crisis right now in this country and nearly half of our renter households. We talk about homeownership a lot. Let us talk about our people who rent for a second. Those households are “cost burdened.” That is a really nice term to say that they are spending more than 30 percent of their income on housing costs. It is really, really something that makes a change in their daily life.

You know, home price has gone up. Supply is not keeping pace with demand. This is all to say the little guy is getting squeezed out. That is why the VA Home Loan Program is so important.

We know what the GI Bill did to the middle class in this country. We know we are in a housing crisis. I think that the words “homeless veteran” should not exist. We need to do something big. We need to think of like a Marshall Plan for housing. Bold. We need to build. We need to make access easier. We need to help bring the cost down for people who want to own a home, for people who want to rent, in particular our veterans.

The Federal backstop for so much of the lending market is what keeps this thing running. Today I want to make sure that we get these bills right.

Mr. Bell, in December 2023, the VA issued an advance Notice of Proposed Rulemaking related to the VA Home Loan Program, which to those at home just means the government puts out a request saying, hey, we are thinking of doing this. What are your thoughts? The VA wanted to gather ideas for how to simplify or update the minimum property requirements needed for properties to qualify for a VA home loan. That notice was December 2023, and I do not believe the VA has issued anything since.

Mr. Bell, can you provide us what are the VA's plans to move forward with this process? Can you provide us a timeline?

Mr. BELL. Thank you for this question. I will say that for someone who has utilized this program myself and would not have been able to purchase a home at the time that I was able to utilize the program, we continue to try to improve it. A lot of that has to do with how parental that we really need to be in that home-buying process. We want to make sure that we have a safe, sanitary, and secure environment that veterans can purchase in. We also do not want to step in and prevent veterans from being able to utilize a home loan when they need it.

We did go out with an advanced Notice of Public Rule in December 2023. With that, we have received multiple responses as to how to better align ourselves with other programs like Fannie, Freddie, the conventional market space, so that VA does not stand alone. We are in the process of doing our due diligence through that reg making. The general gist of that is how do we help, when we can help, and not be as parental as we have been in the past.

Mr. MCGARVEY. Appreciate that. In the time we have got left, just quickly turn to partial claims. We have talked about—this has come up a lot because there has been extensive discussion around the VA's authority to implement a partial claim program without congressional action. There are many in the mortgage and lending industry who strongly believe VA already has this authority under existing statute. Can you commit to providing a detailed analysis of VA's legal authority to establish a partial claim program within 60 days? What are your thoughts on this?

Mr. BELL. Yes, sir, we will be happy to. I will take that back with the administration. Again, we are right now evaluating, making sure that our administration has all the requirements that they need in which to make the decision to move forward. We are in the process of doing that right now. We certainly can—we will come back with the committee and work with the committee on how to get more tools for veterans in the future.

Mr. MCGARVEY. I appreciate that. You know, you and I have not really worked together before, but we get a virtually identical answer every time we have the VA here. What we really—we really do want the follow up. We really do want that analysis. We want it fairly quickly, too. Not to sit on a shelf and be studied and get a letter to us in 6 months. We appreciate it. Thanks so much.

Mr. Chairman, I yield back.

Mr. VAN ORDEN. The gentleman yields back.

I now recognize myself for 5 minutes.

Hey, this is—I always spout off and say this is not a bipartisan committee. This is a nonpartisan committee and you are about to find out that I mean what I say. I do not care who is occupying

the White House, whether it be a Democrat or a Republican. We have an oversight responsibility to our veterans, not to you.

Mr. Pamperin, you have been in that seat since 2021. Mr. Bell, you have been in that seat since 2022. The answers that you gave to my ranking member were wholly underwhelming. Like you managed to not answer any of the most softball questions you could possibly get. You are completely ill-prepared for this committee hearing. Completely. That is unacceptable.

Let us just bring something up here. Mr. Pappas, I am going to apologize for these guys, too. I am not going to tolerate that type of behavior toward my ranking member. I do not care who is in the White House. Is that clear, gentlemen? You shall be prepared when you come to these hearings.

To be very clear, let me ask you, Mr. Bell, to your knowledge, did any member of the DOGE Office direct who the Veterans Affairs Administration should release from employment?

Mr. BELL. Sir, I will have to take that question for the record.

Mr. VAN ORDEN. Okay. That is what you said to him the whole time.

Mr. Pamperin, to your knowledge, anyone from the DOGE Office direct the Veterans Affairs Administration who they should release from employment?

Mr. PAMPERIN. I will also have to take that for the record.

Mr. VAN ORDEN. Okay. This is now going to be called the Pappas line of answers, I guess, so. That is just not okay, gentlemen. The answer is no. The DOGE office did not tell you guys who to release. You guys made that decision, and I do not think it was done well.

Are either one of you aware of an avenue of recourse if you feel that someone has been released that is going to negatively affect veterans benefits? Are you aware? I am. There is. There is a way. If you guys feel for any member of this committee or any of your constituents, gentlemen and gentlelady, feel that there is someone that has been released from the Veterans Affairs Administration, it is going to have a detrimental effect on your constituents, just bring it up. There is a very clearly articulated way to get them back on board.

I would like to talk about this VASP thing again because this truly is a nightmare. Mr. Bell, how many folks are utilizing the VASP program right now, to your knowledge?

Mr. BELL. Fifteen thousand, around 15,000.

Mr. VAN ORDEN. Fifteen thousand one hundred and seventeen?

Mr. BELL. Yes, sir.

Mr. VAN ORDEN. Then how much money is that?

Mr. BELL. So, so far, that is about \$4.8 million in just volume. Again, that is not taking into consideration our—the payments for monthly mortgage and interest.

Mr. VAN ORDEN. What was the original estimate for payment for the loan?

Mr. BELL. I am sorry, sir, can—

Mr. VAN ORDEN. How much money did you think you were going to spend per loan that the VA bought up?

Mr. BELL. Our average loan amount is around 320.

Mr. VAN ORDEN. Right. That is not what I asked you. I asked you what was the original estimate? It was \$292,000, and it is ac-

tually \$321,000. It does not seem like a lot of money, but if you run that by 17,000 cases, it turns out to be a lot of money.

How many of these VA loans that you guys bought, how many folks have missed payments?

Mr. BELL. Right now, there is 31.

Mr. VAN ORDEN. Thirty-one people?

Mr. BELL. Yes, sir.

Mr. VAN ORDEN. What are you doing with that?

Mr. BELL. They will be going through the foreclosure process in the particular states. Every State has different foreclosure requirements, so we are—again, this was a last resort option for our veterans.

Mr. VAN ORDEN. I understand the whole developmental process. It is moronic. You said that you do not know if the Veterans Affairs Administration has the statutory authority to do a partial payment, is that right?

Mr. BELL. The original partial claim program, sir?

Mr. VAN ORDEN. Partial claim program.

Mr. BELL. No, sir.

Mr. VAN ORDEN. Okay. There is something, it is called H.R. 1815, and that is being introduced today. It is one of the bills we are supposed to be talking about instead of this other stuff. That is real clear, and I know it because we wrote it. This gives the Veterans Affairs Administration crystal clear authority for this partial claim. You have got to get aligned with the rest of these agencies.

In my closing seconds here, I am going to say this one more time, you guys need to get on your game. It does not matter who is sitting at the White House. I know that President Donald J. Trump is the strongest supporter of veterans of any President in my memory and he expects more out of you. You will make sure that when my ranking member is asking you questions that you have them at your fingertips. I am going to go back and, you know, talk to Mr. Pappas later. It is wholly unacceptable.

All right. You are excused. I hope you will stick around for the second panel. The committee will stand in recess for 10 minutes to switch.

[Recess.]

Mr. VAN ORDEN. On our second panel we will hear from the following witnesses: Ms. Kristina Keenan, deputy director of National Legislative Service, Veterans of Foreign Wars (VFW); Ms. Julie Howell, associated legislative director for the Government Relations Paralyzed Veterans of America (PVA); Ms. Elizabeth Balce, executive vice president of Servicing at Carrington Mortgage on behalf of Mortgage Bankers Association (MBA); Mr. Tobias Peter, codirector of the Housing Center, and senior fellow, American Enterprise Institute; and Mr. Will Hubbard, vice president for Veterans and Military Policy, Veterans Education Success.

I would now like to welcome the witnesses to our second panel and ask them to stand and raise your right hand.

[Witnesses sworn.]

Mr. VAN ORDEN. Thank you. Let the record reflect that all witnesses have answered in the affirmative.

Ms. Keenan, you are now recognized for 5 minutes to deliver your testimony.

STATEMENT OF KRISTINA KEENAN

Ms. KEENAN. Chairman Van Orden, Ranking Member Pappas, and members of the subcommittee, on behalf of the men and women of the Veterans of Foreign Wars of the United States and its auxiliary, thank you for the opportunity to provide our remarks on legislation pending before the subcommittee. The VFW's views on all the bills can be found in my written testimony. I will take the opportunity to briefly highlight four of them.

VFW strongly supports H.R. 1423, the Guard and Reserve GI Bill Parity Act of 2025, to allow any day in uniform for which military pay is received count toward post 9–11 GI Bill eligibility. The sacrifices of Reserve component members have been overlooked for decades despite an increase in activations since September 11, 2001. Currently, eligibility is based on Active Duty service. For those in Reserve components, basic and initial skills training, annual training, and drill weekends are deemed nonqualifying service. Full-time National Guard and certain responses to national emergencies also do not qualify.

I served 6 years in the Army National Guard. Between training, Guard service, and two deployments, which took me away from school and work, I had more than 2 years of full-time service. I only earned 60 percent of the full GI Bill benefit. Had every day been counted, I would have earned 70 percent of that benefit. The VFW urges Congress to pass this legislation to allow Reserve component members to rightfully earn GI Bill benefits for every day served.

VFW supports H.R. 980, Modernizing the Veterans on Campus Experience Act of 2025, to remove the master's level education requirement for VetSuccess on Campus, or VSOC, counselors. A master's degree requirement is more appropriate for voc rehab counselors, VRCs, who provide specific casework and counseling for VR&E veterans. VSOC counselors are different. They work on college campuses and provide all student veterans and servicemembers with support to navigate their VA benefits and other resources to successfully complete their education. VA should have the flexibility to hire more VSOC counselors to assist veterans on campuses. Removing the education requirement enables more people, including veterans, to apply for these important jobs.

The VFW appreciates the intent of the Veterans Readiness and Employment Transparency Act of 2025, and supports certain provisions to make improvements to the VR&E program. The VFW supports the provision to require counselors to provide veterans with in-person briefings about VR&E services, or virtually if the school is more than 150 miles from the assigned VA regional office. Student veterans tell us that they want more interaction and more information from VR&E counselors and this is a good step forward.

The VFW supports the provision to require VA to provide an annual report on the number of veterans who request an extension of their VR&E program. This would provide important oversight. It could identify veterans who are not making progress and who may need to have their rehabilitation plans reworked. This reporting could help reduce waste and abuse of the program, safeguarding this benefit for veterans who truly need it.

Last, VFW supports the End Veteran Homelessness Act of 2025 to modify the joint Department of Housing and Urban Development and VA Supportive Housing Program, or HUD VASH. This program combines HUD's housing choice vouchers for rental assistance with VA case management and supportive services. This proposal would expand case management for homeless veterans and provide assistance with administrative fees, such as security deposits. The bill would establish an annual report on the HUD VASH program, including usage data, staffing, services provided, and barriers that prevent voucher use. It would include a Government Accountability Office (GAO) report on the characteristics of homeless veterans served by the program. These reports would provide important information on the effectiveness of the program. Understanding the needs of homeless veterans can help us fill the gaps to ensure veterans do not face homelessness again in the future.

Chairman Van Orden, Ranking Member Pappas, this concludes my testimony. I am prepared to take any questions you or the subcommittee members have.

[THE PREPARED STATEMENT OF KRISTINA KEENAN APPEARS IN THE APPENDIX]

Mr. VAN ORDEN. Thank you, Ms. Keenan. The written statement of Ms. Keenan will be entered into the hearing record.

In accordance with committee rule 5-Echo, I ask unanimous consent that Representative Obernolte from the great State of California be permitted to participate in today's committee—or, excuse me, subcommittee hearing. Without objection, so ordered.

Ms. Howell, you are now recognized for 5 minutes to deliver your testimony.

STATEMENT OF JULIE HOWELL

Ms. HOWELL. Chairman Van Orden, Ranking Member Pappas, and members of the subcommittee, Paralyzed Veterans of America appreciates this opportunity to share our views on some of the legislation being considered before the subcommittee today.

PVA members or veterans who have incurred a spinal cord injury or disorder, or SCID, experience the breadth of VA care and benefits in unique ways due to their injuries and illnesses. While our written testimony discusses many of the bills before the subcommittee today in detail, I would like to use this opportunity to highlight a few that are of particular importance to PVA members.

H.R. 1364, the Automotive Support Services to Improve Safe Transportation Act of 2025, or the ASSIST Act, would provide technical fixes to the Veterans Auto and Education Improvement Act 2022. PVA members worked tirelessly in the 117th Congress to secure passage of this important legislation to update the VA's Auto Grant Program and the Department's Automobile Adaptive Equipment Program, or AAE, to include certain vehicle adaptations in the VA medical benefits package to ensure all catastrophically disabled veterans can access necessary vehicle modifications.

This is a critical benefit for PVA members. The AAE program allows veterans to live a more independent life, to get to work, to get to their VA appointments. It even allows them a couple times a year to drive to Washington, DC, and advocate for themselves and

PVA, like several of our executive committee members did last week.

Unfortunately, the current wording in the Veterans Auto Education Improvement Act unintentionally limits and, in some cases, prevents veterans from being able to make necessary modifications to their vehicles. The ASSIST Act fixes this language and it will help ensure veterans are able to receive this assistance in the way that Congress intended.

Chairman Van Orden, we thank you for being receptive to stakeholder feedback last Congress in regards to H.R. 980, Modernizing the Veterans on Campus Experience Act of 2025. This bill would reduce the education requirement for a Veteran Success on Campus, or VSOC, counselor, which PVA believes is an important first step in overhauling the VSOC program. We look forward to working with VA and the subcommittee to transform the program into something more comprehensive, more accessible to more student veterans in the future.

Finally, H.R. 1793 seeks to improve VA's outreach to VR&E participants and codify these efforts for VR&E staff. We commend the intent of this bill, but we believe its overly proscriptive language will create additional and unnecessary burdens for vocational rehabilitation counselors, or VRCs. The consensus is that the VR&E program is incredibly difficult to contact and nobody at this table will argue that fact. Before the COVID pandemic—excuse me, before the COVID-19 pandemic, the 1-800 number for each regional office had a prompt connecting veterans with the VR&E office. VA should return to this practice, which would ensure that staff answering phones have a solid understanding of the program and are able to answer the complex questions presented by veterans.

As well-intended as the in-person outreach briefings required by this bill are, PVA believes that a majority of these could be held virtually. As of February 27, the VR&E program had around 1,000 VRCs working almost 183,000 active cases. This is well beyond the 1-to-125 ratio which has guided program staffing. The program has seen exponential growth in recent years and counselors are struggling to keep up with the workload. Adding several in-person briefings to their list of responsibilities will make it even more difficult for them to maintain the necessary communications and engagement with the veteran clients they serve.

Furthermore, the bill says that only a VRC can provide these informational briefings even though support staff from the VR&E program are more than capable of offering such a resource. We would be happy to work with Congressman Hamadeh's office to ensure that this legislation fully addresses the needs of PVA members and all VR&E beneficiaries.

In closing, each piece of legislation today can only be effectively implemented if VA has staff and the necessary resources to carry them out. With proper support, legislation—excuse me, without proper support, legislation designed to meet the need of veterans will likely miss the mark and could even fail. Veterans with SCID and other significant disabilities cannot afford to lose the support and services that promote their independence and well-being.

Thank you again for the opportunity to share our views on some of the bills before the committee today. I am happy to take any questions.

[THE PREPARED STATEMENT OF JULIE HOWELL APPEARS IN THE APPENDIX]

Mr. VAN ORDEN. Thank you, Ms. Howell. The written statement of Ms. Howell will be entered into the hearing record.

Now, is this—is it Balce? Okay. Ms. Balce, you are now recognized for 5 minutes.

STATEMENT OF ELIZABETH BALCE

Ms. BALCE. Thank you. Chairman Van Orden, Ranking Member Pappas, and members of the subcommittee, thank you for the opportunity to testify today on behalf of the Mortgage Bankers Association. My name is Elizabeth Balce and I am the executive vice president of servicing at Carrington Mortgage Services. I am here in my capacity as a member of MBA. As a lender with extensive experience in servicing VA mortgages, I am honored to testify before this panel.

MBA appreciates the subcommittee's commitment to preserving and strengthening the VA Home Loan Program, ensuring it remains an effective and accessible option for our Nation's heroes. Veterans have earned this benefit and it is our shared responsibility to help them achieve sustainable homeownership.

A key priority for MBA and our members is ensuring that if a veteran homeowner faces financial hardship, they have loss mitigation options that are on par with FHA. Especially in today's volatile interest rate environment, veterans deserve the same level of protection as other federally backed borrowers. Unfortunately, the VA Home Loan Program lacks a permanent partial claim option, which is a widely used tool that allows borrowers facing temporary hardship to move missed payments to the end of the loan. This ensures stability within the burden of immediate repayment.

A partial claim is a proven foreclosure prevention tool used by FHA. It would allow veterans to stay in their homes while VA and taxpayers remain protected because the funds are repaid when the veteran sells or refinances. Despite the introduction of the VASP program to address the current high rate interest environment—high interest rate environment, veterans should not have fewer loss mitigation options. A permanent partial claim program will protect veterans and the VA. MBA supports the partial claim program in the VA Home Loan Program Reform Act. However, several changes are needed to ensure the program is workable and provides maximum benefit to veterans.

First, the bill must clarify that a partial claim does not reduce the VA guarantee on the first mortgage. If a partial claim is deducted from the 25 percent loan guarantee, lenders will be left with little to no remaining coverage, increasing risk and making VA loans less competitive in the market. This could reduce veterans' access to VA mortgages.

Second, the bill currently requires veterans to begin repaying their partial claim within 3 years to maintain a 0 percent interest rate with a 0.5 percent interest rate imposed if repayment is delayed. Veterans should not be subjected to unnecessary repayment

burdens that could jeopardize the ability to remain in their homes. This is inconsistent with other government partial claims and would prove difficult to operationalize.

Third, the bill sunsets the partial claim program on September 30, 2027. This would significantly limit its effectiveness. A longer effective window, such as 5 years, would ensure meaningful assistance for more veterans.

Finally, shifting to VASP, this tool has provided critical relief to thousands of veterans whose loan payments became unaffordable in today's higher rate environment. While partial claims should be the first line of defense, VASP has been an essential safety net for borrowers who had no other options. Without VASP, VA would have foreclosed on tens of thousands of borrowers.

MBA strongly opposes the Restoring the VA Home Loan Program in Perpetuity Act, which imposes an arbitrary cap of 250 loans per fiscal year. Rather than limiting VA's ability to assist veterans, Congress should focus on strengthening loss mitigation tools, like a permanent partial claim so that VASP becomes a tool of last resort, not the only option available.

Another ongoing concern for the MBA is the VA funding fee, which has been repeatedly increased or extended to offset the cost of unrelated veteran benefits. We urge Congress to stop using the VA funding fee as a budgetary offset and ensure it remains aligned with the Home Loan Program's mission.

Thank you for the opportunity to testify today. MBA looks forward to working with you to establish a permanent partial claim program, improve and preserve VASP as a necessary tool, and ensure the VA Home Loan Program remains a strong and competitive option for veterans. I look forward to your questions.

[THE PREPARED STATEMENT OF ELIZABETH BALCE APPEARS IN THE APPENDIX]

Mr. VAN ORDEN. Thank you, Ms. Balce. The written statement of Ms. Balce will be entered into the hearing record.

Mr. Peter, you are now recognized for 5 minutes to deliver your testimony.

STATEMENT OF TOBIAS PETER

Mr. PETER. Chairman Van Orden, Ranking Member Pappas, and members of the subcommittee, thank you for the opportunity to testify today.

The VA loan program consistently outperforms other government-backed mortgage programs in managing mortgage risk. For example, during the aftermath of the Great Financial Crisis, VA loans had default rates half the levels of FHA, Fannie Mae and Freddie Mac loans after adjusting for differences in risk profiles. Even in recent years, VA's serious delinquency rates have been half of those of FHA despite serving borrowers with similar risk profiles.

The VA's superior performance is due to several factors, including prudent underwriting that incorporates residual income requirements that ensure borrowers can afford their loans, a veteran-focused appraisal process that reduces inflated valuations, and the VA's 25 percent stop loss provision which, unlike FHA's 100 per-

cent loan coverage, ensures alignment in interest between veterans, the VA, and services.

Despite these strengths VA loan servicing is at a crossroads. While no one wants to see foreclosures, especially amongst veterans, a system that eliminates foreclosures entirely is unsustainable, much like religion without help. Furthermore, history shows that government programs often start small, but expand unsustainably, the Federal Student Loan Program being a prime example. The same risks exist in expanded VA loss mitigation efforts. They include short-term reductions in delinquency rate may be misleading as borrowers may continue to struggle and others that may not need the benefit take it up. Increased risk of looser lending standards and greater political interference, higher taxpayer exposures, greater Federal backing means eventual costs are borne by the public.

The VA Servicing Purchase Program, the VASP program, has fundamentally altered the VA's role in lending in veteran housing finance, offering overly generous forms of relief which could create a moral hazard and it has shifted the VA from guaranteed loans to directly managing them. This represents significant risk. It could disrupt the alignment between private services, the VA, and veterans. It could disadvantage veterans in the long run as the VA lacks expertise in large scale loan servicing and it could lead to greater taxpayer exposure as VASP defers risk rather than resolving it.

Similar pitfalls have already played out in the student loan program and in 2012 and 2010 the Federal Government eliminated private underwriting and put loans on its books, leading to uncontrolled borrowing and skyrocketing tuition. Then income-driven repayment plans and loan forgiveness shifted cost to taxpayers and increased the moral hazard. Remember that originally the student loan program was supposed to be a money maker for the Federal Government. VASP follows the same trajectory, turning VA lending into an entitlement-like program, weakening market discipline and increasing long-term costs. Given that the VA intends to serve over 40,000 veterans through this program, I commend the committee's leadership to eliminate expansion by capping VA loan purchases and exploring options for the sale of VASP loans to the private sector.

The proposed loss mitigation option, the VA Home Loan Program Reform Act, by are a better alternative to VASP but still present significant challenges. Partial claims are treated as a last resort, but this could incentivize services to bypass traditional loss mitigation and shift risk to taxpayers. Front loans, partial claims against the 25 percent stop loss, potentially limiting future loss mitigation options for veterans, and the 2027 sunset provision helps curb taxpayer exposure, but there is no overall cap on the programs, so increasing the risk of moral hazard and strategic defaults.

While this proposal is an improvement over VASP, it should not be seen as a long-term solution. The VA's overarching goal should be to promote sustainable homeownership without relying on government bailouts. The VA Loan Guarantee Program has consistently proven to be far more effective in managing risks than other Federal housing programs. Instead of diluting the VA's successful

model to resemble less successful programs, other agencies should be learning from the VA's success.

Furthermore, my research on over 1.2 million Government-Sponsored Enterprise (GSE) and VA loans originated in 2006, 2007, just before the severe stress event of the global financial crisis demonstrates that prudent underwriting upfront can dramatically reduce default rates even under severe economic stress. Ultimately, the VA Loan Guarantee Program should protect both veterans and taxpayers while preserving its integrity and stability over the long run.

Thank you and I look forward to your questions.

[THE PREPARED STATEMENT OF TOBIAS PETER APPEARS IN THE APPENDIX]

Mr. VAN ORDEN. Thank you, Mr. Peter.

The chair recognizes Mr. Hubbard for 5 minutes.

STATEMENT OF WILL HUBBARD

Mr. HUBBARD. Chairman Van Orden, Ranking Member Pappas, members of the subcommittee, thank you for the opportunity to testify today on behalf of Veterans Education Success. We are a non-profit organization with the mission of working on a bipartisan basis to advance higher education success for veterans, servicemembers, and military families, and to protect the integrity and promise of the GI Bill and other Federal education programs.

Before I turn to the legislation at hand, the news of staffing cuts at VA demands our attention. Echoing Chairman Bost's statement last week, we are anxious to understand the impact of these cuts on VA's ability to deliver services to veterans, especially the GI Bill, as well as the mental health impact on veterans who have been dismissed from Federal service. We urge the subcommittee to make inquiries to capture that data.

Turning to legislation, we offer our strong support for the Guard and Reserve GI Bill Parity Act and express our gratitude for the bipartisan, bicameral support of that long overdue measure. We do have concerns about three bills on today's agenda and the likely unintended consequences of each.

First, we strongly oppose the VETS Opportunity Act as written. It poses very serious risk to taxpayers and veterans by opening up the GI Bill to fraud, waste, and abuse that Congress wisely excluded in an overwhelmingly bipartisan agreement when Section 3680-Alpha was last amended in 2017. Past congressional action on this issue was well founded. The purpose was to protect veterans from predatory programs that lack accountability and often deliver little more than YouTube videos disguised as instruction. One veteran told us they replayed free web seminars as training and used unqualified people to lead classes. Everything they did I could have done for free. This bill would open up the floodgates to such abuses. We encourage its reconsideration.

Last, this bill is unnecessary because Section 3680-Alpha, subsection A, paragraph 4, already allows hybrid college degree and certificate programs at all types of institutions of higher learning, including for-profit schools.

Next, we support the intent of the Reforming Education for Veterans Act to protect student veterans called to active service. How-

ever, these protections already exist under the Isakson and Roe Act and the Higher Education Opportunity Act, making this bill largely duplicative.

More concerning, Section 3 would limit compliance surveys for multicampus institutions to just one per institution. This is a dangerous proposal given that some of the worst GI Bill abuses occur at chain schools. Our research showed that from 2009 to 2017, 8 of the 10 schools receiving the most GI Bill funds were at multicampus chains, 7 of which faced law enforcement action for fraudulent recruiting and loan schemes. Less than 28 percent of their students graduated and only half earned more than a high school graduate. By definition, almost half earned less than a high school graduate.

We do support Section 4, which ensures timely updates to school certifying officials and encourage its inclusion in future legislation.

Finally, we oppose the current version of the Streamlining Aviation for Eligible (SAFE) Veterans Act, which removes key oversight measures for flight training under VA's VR&E program. Flight schools have a long history of GI Bill abuse. As former House Veterans Affairs Chairman Jeff Miller put it, the flight school loophole is so big you can fly a 747 through it. This bill removes safeguards without adding new protections, potentially leaving a veteran without a career path while wasting GI Bill funds. We urge the subcommittee to reconsider this legislation.

Thank you for your time and commitment to these issues. I look forward to any questions that you or any members of the subcommittee may have.

[THE PREPARED STATEMENT OF WILL HUBBARD APPEARS IN THE APPENDIX]

Mr. VAN ORDEN. Thank you, Mr. Hubbard. Both Mr. Peter and Mr. Hubbard's testimony will be entered into the hearing record.

We will now proceed to questioning. I recognize Ranking Member Mr. Pappas for 5 minutes.

Mr. PAPPAS. Thank you very much, Mr. Chairman.

Mr. Hubbard, maybe I could start with you on that last bill that you mentioned, and appreciate you highlighting the long history of GI Bill abuse that exists and concern around removing safeguards. This SAFE Act would allow flight training programs that do not lead to a degree to be approved under the VR&E program. I certainly support the goal of getting veterans into aviation. I am sure you share that goal, but concerned about the consequences of this because if a veteran finishes the program, for whatever reason the veteran does not become a pilot, and there could be any number of reasons why that happens, would not these veterans sort of lose out on an opportunity to be prepared for a career? Should not the benefits for flight training come at least some guarantee that there is going to be a job at the end of the program?

Mr. HUBBARD. Thank you for the question, Mr. Ranking Member. We would agree and, ultimately, it is not just about inputs and outputs, but about outcomes. If a veteran is left with an experience that does not give them long-term career stability, ultimately, that does not succeed by the standards and the purpose of the GI Bill, which is to provide for long-term transition. We appreciate your

question. We look forward to working with you and members of the subcommittee on that legislation.

Mr. PAPPAS. Thank you. Ms. Howell, I do not know if you have any reflections on that particular bill, but I am wondering if you share the concerns that Mr. Hubbard raised on that legislation and if you can think of any ways that we could improve the legislation.

Ms. HOWELL. Thank you for the question, sir. You will notice that bill is absent in our written testimony. We determined not to take an opinion on this, sir.

Mr. PAPPAS. Okay. Well, thanks for that. I certainly do appreciate your feedback about VR&E generally, just how we have blown past the ratios that should be broadly accepted and the way that impacts the ability of individuals to get access to the support that they need. Certainly look forward to hearing more detail from VA on the questions that they failed to answer today that we will insist on getting the answers to because we know there is a lot more ground we have got to cover with respect to having the counselors in place and making sure the workload is distributed in an appropriate fashion so that that program succeeds.

Ms. Balce, if I could turn to you next. Thank you very much for your comments. You think about VASP, we know that up to 80,000 veteran homeowners are at risk of foreclosure could be eligible for the program. We heard on the last panel that there are 15,000 that are currently in VASP. My concern about this program, and you talk about this could be a tool of last resort here, but if it were to end tomorrow, you could potentially see these individuals in dire streets. What would happen to homeowners that are currently enrolled in the program were the plug to be just pulled altogether?

Ms. BALCE. As far as—I am going to bifurcate that. Thank you for the question. As far as, you know, homeowners that have qualified were certainly in the transfer program process to be a subservicer and I am sure they would move on their way. If the program was—VASP was stopped today, the veterans that have requested assistance right now their only option is, if they cannot do a short-term repayment plan, is modification. At this week's rate of 6.75 percent, even if they have got a 5 percent mortgage and you are taking care of any delinquency, even going out 40 years, you are going to increase that veteran's mortgage payment. That is where if we had the partial claim in the waterfall that is interest rate different. Right? Regardless of your rate environment, if you have got that partial claim as one of the first steps in your waterfall, someone gets 8 months behind, they can get caught up and resume their normal payments without going through the payment shock of a modification.

Mr. PAPPAS. You mentioned disparities that exist between VA loans and other federally backed loans. Could you talk about some of those differences and features that could potentially be utilized to assist veterans? Would that, in your opinion, in any way be diluting the integrity of the program?

Ms. BALCE. Thank you. FHA has a partial claim program. U.S. Department of Agriculture (USDA) has, they call it the Mortgage Recovery Advance (MRA), but it is a similar partial claim program. Fannie and Freddie have deferrals. Every federally backed loan except VA loans have partial claims. When VA did release the partial

claim program as an emergency method during an emergency program during COVID it was used very effectively. Yes, the other federally backed loans all have something similar. It is only VA that does not.

Mr. PAPPAS. Thank you. I yield back.

Mr. VAN ORDEN. The gentleman yields.

The chair now recognizes Representative King-Hinds from the Northern Mariana Islands.

Ms. KING-HINDS. Thank you, Mr. Chairman.

I am very interested in, in H.R. 1423, which is the Parity Act, the Guard and Reserve GI Bill Parity Act. I really support it. With just the number of people who are signing up in the military or the National Guard in the CNMI, you know, there has been a lot of conversation in our community. If you have been paying attention to what is happening here in Congress, there is a lot of consternation with regards to mandatory spending, right, and increasing—and just the cost of that program. I just kind of wanted to hear from the VFW because you are the voice of so many people who have served this country, what are different ideas or recommendations where we can look at this as an opportunity to have a win-win to be able to provide, you know, well-deserved benefits to those folks who have served our country?

Ms. KEENAN. Thank you so much, ma'am, for the question. This is about recognizing every day in service. The more that our Reserve component servicemembers serve in natural disasters domestically, border security, even security around the Capitol for certain events, it is to honor every day that somebody wears the uniform, that they are receiving military pay, to go toward these education benefits which are going to help them in the future. It is really safeguarding the future of veterans so that they are gainfully employed when they do leave the service.

Ms. KING-HINDS. Thank you for that. Speaking of education and because you are the voice of many veterans, this question is, you know, what are you—can you just elaborate a little bit more on the importance of the Veteran Readiness and Employment Transparency Act and your thoughts and its importance to student veterans across the country?

Ms. KEENAN. We provided testimony in the last couple of years of needed improvements to the VR&E program. Aspects of this bill we support as in having more interaction with VA counselors, the VR&E counselors and the VSOC counselors, and the school certifying officials, but also the veterans that they serve. These are things that the schools have asked more for and students have asked for that as well. We see some of these provisions as a step in the right direction.

Ms. KING-HINDS. I guess I just wanted to highlight or underscore, you know, this bill attempts to address a certain issue. I just wanted to underscore what those challenges are and what we are trying to fix. Thank you. Thank you for being here today.

I yield back, Mr. Chairman.

Mr. VAN ORDEN. The gentlelady yields back.

The chair now recognizes Mrs. Ramirez from the great State of Illinois.

Ms. RAMIREZ. Thank you, Chairman, from the generally good State of Wisconsin. Just kidding. Just kidding. Great State, a neighbor to Illinois.

I want to jump right in. I want to talk specifically about H.R. 1814, Restoring the VA Home Loan Program in Perpetuity Act of 2025. Ms. Balce, thank you for letting us know how to pronounce your name, I appreciate it. Your testimony was very critical of the Home Loan Program in Perpetuity Act. You in your testimony expressed concern over limiting the Veteran Affairs Servicing Purchase, the VASP program, to 250 individuals. I wanted to ask you directly a couple questions, if you can answer them together. Why is it so damaging to veterans? Are you aware how a figure like 250 borrowers was determined? Is there an appropriate cap?

Ms. BALCE. I will answer the second one, thank you for the question, I will answer the second one first, if that is okay. I do not know how 200—the number of 250 was come up with. It seems again, very, very low for the number of veteran homeowners we have in the United States. It is low for the number in Carrington's portfolio.

As far as answering your first question, as far as under-scoring—

Ms. RAMIREZ. Why it would be so damaging to veterans.

Ms. BALCE. Yes. Right now, you know—look, before VASP was brought out, servicers agreed to a voluntary moratorium, most servicers did, because we were told a new loss mit program was coming out. If VASP had not been rolled out and there would have been no moratorium, VA would have foreclosed on tens of thousands of homeowners. Again, there is a limit to affordability and in a changing rate environment, if you are at 3 percent going 6.75, it is just not workable for veterans even when they want to keep their home. I think with it as the last step in your loss mitigation waterfall, it is a needed step. Right now, it is kind of the only step.

Ms. RAMIREZ. Yes, yes. I am going to skip over here because you actually just said what I was about to say here.

Ms. BALCE. I am sorry.

Ms. RAMIREZ. We are thinking alike. Without VASP, the risk of veteran foreclosures, it is only going to grow. In response to this crisis of foreclosure and housing instability, my colleagues across the aisle proposed this legislation that would severely limit access to VASP. I have a follow-up question for you, Ms. Balce. Can you quickly explain what the potential consequences would be for veterans and their families if VASP was eliminated before a permanent partial claim program would be established? What would be the impact on these borrowers, the servicers, the overall stability of the VA loan program?

Ms. BALCE. Foreclosure. I mean, that is, you know—

Ms. RAMIREZ. Period.

Ms. BALCE. Yes, period. That is really where it is going to come to. Some may choose to sell their home and may have equity depending on when they bought and if they did not use the hundred percent. The short answer is foreclosure.

Ms. RAMIREZ. Thank you, Ms. Balce. I think it is really important to put that on the record and what we are trying to do is cre-

ate housing stability for our veterans, not foreclosure. Thank you for that.

I want to pivot real quick for the time that I have, in fact, left to talk a little bit about H.R. 1458. We know that it is equally important that we are looking at how veterans are being supported in pursuit of their education. In my work to restore GI Bill benefits for veteran students defrauded by educational institutions, I have heard about programs that exploit veterans' hard-earned GI benefits by charging them thousands of dollars, which I think Mr. Hubbard, you were just talking about, for content that they could have easily found for free online.

Ms. Keenan and Mr. Hubbard, is not it alarming that some of these so-called educational programs are charging veterans thousands of dollars for nothing more than content they could find free on YouTube? I see you nod. I think you say yes. Let me follow up with a more direct question.

Can you explain why a veteran's hard-earned education benefits should go toward a unaccredited, independent study program with zero quality control? I will let Ms. Keenan start because I know you have already shared some already.

Ms. KEENAN. Thank you. I appreciate the question. I mean, we are happy to work with your office on finding the right way to hold these schools accountable and to provide the best educational opportunities for veterans. How that is actually done so that it is not overly restrictive, I think there is a balance there. We definitely want to ensure that those hard-earned GI Bill benefits go toward education that actually helps veterans get jobs.

Ms. RAMIREZ. Thank you. Mr. Hubbard, 5 seconds. Anything to add to that?

Mr. HUBBARD. I will be brief. When a veteran goes to a college or program, they expect quality and that is what they should be getting.

Ms. RAMIREZ. Got it. Thank you. In my 10 seconds, my opinion, we need to make sure that we are standing up to these Trump agendas that are waging war on our veterans. The bills that we are asking to be considered feel deeply and serious if they are not actually creating more education opportunities and housing stability for our veterans.

With that, I yield.

Mr. VAN ORDEN. The gentlelady yields.

In accordance with committee rule 5-Echo, I ask unanimous consent that Representative Meng, Ms. Meng from the great State of New York, be permitted to participate in today's committee subcommittee hearing. Without objection, so ordered.

The chair now recognizes Mr. Obernolte from the great State of California for 5 minutes, sir.

Mr. OBERNOLTE. Thank you very much, Mr. Chairman. I would like to thank you and the subcommittee for including my bill in this hearing, the Streamlining Aviation for Eligible Veterans Act, or SAFE Veterans Act. This important but very simple piece of legislation enables veterans, who qualify for vocational flight training through the Veteran Readiness and Employment Program, the ability to complete flight training through a flight school. This will increase flexibility for veterans seeking vocational flight training

outside of a college degree program while simultaneously working to address the U.S. airline pilot shortage.

As we all know, the VR&E program is an important component of veterans' benefits, providing services to eligible servicemembers and veterans with service-connected disabilities to help them prepare for, obtain, and maintain suitable employment or achieve independence in daily living. The program currently requires flight training programs to be tied to traditional 4-year college degrees to receive funding. However, most major airlines no longer require college degrees to enter the cockpit. The SAFE Veterans Act takes action accordingly to remove the VRE degree program requirement specifically for flight training programs, helping to put more veterans in the cockpit.

While roughly two-thirds of airline pilots were veterans in 1980, that number has dropped to only around 30 percent currently. Simultaneously, the United States has experienced a growing pilot shortage over the past decade that has been exacerbated in the post-COVID era. As a result, major airlines have resorted to canceling flights, parking regional planes in long-term storage and leaving travelers stranded. Increasing opportunities for veterans to return to the commercial airline cockpit through the SAFE Veterans act, will address the ongoing pilot shortage while dramatically increasing accessibility of vocational flight training programs for those who have served. That is why I am honored that my bill was included as part of this hearing, and I am looking forward to working with my colleagues on the subcommittee to get this bill to the President's desk. It is an honor to be hearing this legislation again. We had broad bipartisan support for it when it passed out of this committee last year.

Just to address, Mr. Hubbard, your objections in your testimony. You asserted that the bill removes safeguards. I would vehemently disagree with that. This is a very simple bill. The operative part of the bill is a single sentence. All it does is remove the requirement that flight training programs include a 4-year degree. I would assert, since airlines are no longer requiring a 4-year degree, that removing that requirement makes perfect sense because it focuses the efficient use of taxpayer resources to get our veterans the vocational training that they need for the job that they are training for.

Ms. Keenan, I appreciate in your testimony that the VFW supports the SAFE Veterans Act. Could you talk a little bit about how this bill brings parity to the flight training within the VR&E program?

Ms. KEENAN. Thank you for the question. Since this is an option for those using their GI Bill benefits, we think this is a reasonable expansion for VR&E recipients. Additionally, if between the veteran and their voc rehab counselor, if it is determined that this kind of education would be beneficial for their employment outcomes, then we see this as a reasonable addition.

Mr. OBERNOLTE. Thank you. I would agree, and I appreciate your support.

Mr. Chairman, thank you again for the opportunity to testify. Thanks for including the bill in your hearing today. I yield back.

Mr. VAN ORDEN. The gentleman yields.

The chair now recognizes Ms. Meng from New York for 5 minutes.

Ms. MENG. Chairman Van Orden, Ranking Member Pappas, and distinguished members of the House Veteran Affairs' Subcommittee on Economic Opportunity, thank you for allowing me to testify today. I would also like to thank Ms. Kristina Keenan from the VFW and Ms. Julie Howell from the Paralyzed Veterans of America for testifying in support of my legislation.

I am honored to once again speak in support of my Fair Access to Co-ops for Veterans Act, which would finally allow veterans to purchase cooperative housing units, also known as co-ops, through the VA Home Loan Program. The VA Home Loan Program has been a transformative benefit for service members for over 80 years. This program cannot be fully enjoyed by New Yorkers who served in our armed forces. In New York City, about two out of three apartment buildings are co-ops. If you have seen New York, you know, that is a lot of co-ops. Co-ops on average are more affordable in New York than condos or homes. They offer a realistic way for working class New Yorkers to own their place and build equity.

Currently, a veteran or servicemember can use their VA home loan to purchase a condo, a townhome, a mobile home, or a manufactured home, but not a co-op. Last year, a recently married servicemember in the New York Army National Guard reached out to my office asking why he could not use a major benefit like the VA Home Loan on New York's most affordable housing option. His story is typical amongst the roughly 200,000 veterans that call New York home and countless other veterans in towns and cities across the country where co-ops are present, like Palm Beach, Minneapolis, Philadelphia, and Baltimore.

It is our job to serve those who serve us. Let us serve them by increasing the accessibility of home ownership to more veterans. Let us expand the American dream that the VA Home Loan Program helped define over 80 years ago. Let us give veterans and servicemembers access to co-ops.

I look forward to working with the chairman and the ranking member to get this legislation over the finish line. Thank you again for your time and consideration of this matter. I ask the chairman, ranking member, and distinguished members of the subcommittee to please support my Fair Access to Co-ops for Veterans Act.

Thank you. I yield back.

Mr. VAN ORDEN. The gentlelady yields back.

The chair recognizes myself for 5 minutes.

Okay. Let us talk about this VASP thing again here. Ms. Balce, you are representing mortgage brokers. Let us say Mr. Peter has a loan and he does not pay the loan back and Ms. Howell is the VA. I know, she just crinkled her nose. Let the record reflect that Ms. Howell crinkled her nose. Mr. Peter defaults on his loan and you are getting stiffed, right, because you are out of money. Then that loan is at let us just say 8 percent. Right? Then Ms. Howell goes, hey, I got a great idea. We are just sitting around here. Let us go ahead and buy the loan and reduce the interest rate from 8 percent to 2.5 percent. Who pays the difference? Because you ex-

pect to get paid that you lent that money at 8 percent, you are expecting that money to come back, right, at 8 percent?

Ms. BALCE. Correct.

Mr. VAN ORDEN. Okay. Who pays the difference? Everybody in this room. As a mortgage broker, I would be like, yes, this VASP thing is the best thing ever because it makes you whole, it gets rid of the bum loan, and it passes it off to the American taxpayers.

Let us be frank here, ma'am. If I were a mortgage broker, I would say this is the best thing ever because I get to lend out all this money and then I get rid of it, everyone else is going to pick up the slack. That is what is taking place here.

Who administers this loan once Ms. Howell has taken it over?

Ms. BALCE. The VA subservicer that they have hired.

Mr. VAN ORDEN. Who is that?

Ms. BALCE. I believe it is PHH.

Mr. VAN ORDEN. Okay. What else does PHH do?

Ms. BALCE. They service loans for many other—they are a loan servicer.

Mr. VAN ORDEN. Like who?

Ms. BALCE. Various investors.

Mr. VAN ORDEN. What is the vig?

Ms. BALCE. Pardon?

Mr. VAN ORDEN. What is the vig? What do they get? No one does anything for free, ma'am.

Ms. BALCE. True. No one services loans for free, trust me. No, I do not—I am not privy to the terms of their contracts.

Mr. VAN ORDEN. The Veterans Affairs Administration is going to buy Mr. Peter's loan, make you whole, the delta between the interest rate agreed to and the interest rate it is going to be at now, and the VA does not know how to administer loans, so they hire somebody else out, probably the same people that were administering the loan to begin with.

Ms. BALCE. No. Look, I am not made whole. I am—servicers, if I am, again, the servicer here, I make money by servicing loans.

Mr. VAN ORDEN. No, you are not the servicer. It is your loan.

Ms. BALCE. Oh, I thought it was his loan.

Mr. VAN ORDEN. Right. He borrowed the money from you.

Ms. BALCE. Got it. Okay. Well, so it is my loan.

Mr. VAN ORDEN. Right.

Ms. BALCE. VA bought it at 2-1/2 percent, which, again, we modify loans in our portfolio back when interest rates were down to that all the time.

Mr. VAN ORDEN. Right.

Ms. BALCE. The difference there, the delta, is just part of doing business. His loan leaves me at Carrington, it goes to PHH.

Mr. VAN ORDEN. Right.

Ms. BALCE. I no longer have a loan to make money off of.

Mr. VAN ORDEN. You do not.

Ms. BALCE. PHH and the VA—

Mr. VAN ORDEN. You do not have a loan to make money off of, but you got the money because the loan has been paid.

Ms. BALCE. I was paid.

Mr. VAN ORDEN. By the—

Ms. BALCE. There are losses.

Mr. VAN ORDEN. That is my point, ma'am.

Ms. BALCE. I suffer from each loan that leaves my portfolio.

Mr. VAN ORDEN. Okay. My point is this. It sounds like this great altruistic program and it is not. If I was a mortgage broker and I just had a mortgage broker hat on, I would be like, let us keep this going. Let us keep it rolling. If I was just an American taxpayer, took my mortgage broker hat off, I would say this is a travesty. It is, and we are not going to do it.

Mr. Peter, can you expand a little bit between this? I think it is very salient. The point that you brought up where the student loan program really sounded like a great idea. Can you kind of like draw the parallel hill, because we everyone can clearly identify, including the Supreme Court of the United States, who said that President Biden not have the legal authority to relieve these student loans. He said I am going to do it anyway. If everybody up and down the chain of command, except for the student who is getting this money for free, including the Supreme Court, says this is a bad idea, could you draw this parallel so that everybody understands the potential horrible ramifications for this?

Mr. PETER. Yes, I mean, exactly. I mean once the Federal Government takes over a loan and puts it on its own books, as this happened with the student loans, but here happens with the VASP program where it becomes—from a private sector loan becomes a direct loan on the books of the, in the case of student loan, at the Treasury and now here in this case of the VA, the guardrails are gone. The Federal Government can just say, well, from now on we are going to reduce the payments that you have to pay or you just do not have to pay, you know, for a certain amount of time or after 15, 20 years your loan is forgiven. Once other—in the scenario that you outlined, you know, I may be talking to my other friends and realize that this is—that they can get the same deal, they may stop making payments on their loans as well.

Mr. VAN ORDEN. Mr. Peters, thank you. I want to be respectful of my colleagues time and my time has expired.

I want to thank you all for attending this hearing and I appreciate the discussion today, I really do. There are several bills in here that are awesome. There are a couple that need some work on it. I want to thank all the members and the subcommittee staff for working on this.

With that, I would like to yield to my ranking member, Mr. Pappas, for any concluding remarks he may have.

Mr. PAPPAS. Well, thank you, Mr. Chairman, for your comments and I thank the intention of all the sponsors of these bills for trying to think about ways that we can improve services and programs that benefit America's veterans. I agree with you. I think some of these bills are strong in their current form. Others are going to require us to sharpen our pencils. I am just really appreciative of this panel's feedback and we look to continue to engage with you all in the road ahead as we potentially head to marking up some of these bills.

Thank you. I yield back.

Mr. VAN ORDEN. Thank you, Mr. Pappas.

Just to be clear, I understand everyone's intentions are pure. I really do. I also understand that something is broken and in the

history of when someone lent someone some seashells to buy a cave, there was never a VASP program. It just did not exist in the history of lending. Okay. I do not think that, you know, a couple guys cooking up some ideas during a worldwide pandemic maybe I think they may have missed the mark boldly.

With that, I would like to thank you all for participating in this and I received a number of statements for the record, which will be submitted into the record as long as they may meet the submission requirements. I ask unanimous consent that all members may have 5 legislative days to revise and extend their remarks and include any extraneous material. Without objection, so ordered.

This hearing is now adjourned.

[Whereupon, at 11:56 a.m., the subcommittee was adjourned.]

A P P E N D I X

PREPARED STATEMENTS OF WITNESSES

Prepared Statement of John Bell

Chairman Van Orden, Ranking Member Pappas, and other members of the Subcommittee, thank you for inviting us here today to present our views on several bills that would affect VA programs and services. My VBA colleagues, Nick Pamperin, Executive Director, Veteran Readiness and Employment Service, Thomas Alphonso, Assistant Director of Policy and Implementation, Education Service, and from VHA, Ms. Jill Albanese, Director of Clinical Operations, Homeless Program Office are joining me today.

H.R. 913 “Streamlining Aviation for Eligible Veterans Act of 2025” (or the “SAFE Veterans Act of 2025”)

This bill would increase the number of available flight training rehabilitation programs; however, it would remove the requirement that flight training must be part of a degree program and would allow for the requirement of a certification only.

VA is still reviewing and assessing the bill at this time and will therefore not provide views.

H.R. 980 “Modernizing the Veterans On-Campus Experience Act of 2025”

This bill would amend 38 U.S.C. § 3697B(a) to, in effect, expand the qualifications for professionals who can provide on-campus educational and vocational counseling to Veterans. This change would allow other professionals in related fields, such as a benefits counselors or outreach specialists, beyond rehabilitation counseling, to provide these services. By broadening the eligibility criteria, this measure would increase the availability of counselors, improve access to services for Veterans, and ensure a wider range of qualified professionals who can support Veterans in their educational and career goals.

VA supports this bill. However, VA suggests changing the reference to “educational and vocational counseling” to “benefits counseling” in 38 U.S.C. § 3697B(a) and in this statute’s title. These changes would expand the pool of qualified individuals who VA may recruit for the VetSuccess on Campus (VSOC) program to perform work that VSOC counselors already conduct, such as conducting outreach, assisting with applications for benefits, and coordinating on-campus services.

A cost estimate is not currently available.

H.R. XXXX “Guard and Reserve GI Bill Parity Act of 2025”

This bill would amend 38 U.S.C. § 3301(1)(B) to expand eligibility criteria for those who are on active duty to include active-duty service as defined in 10 U.S.C. § 101(d), inactive-duty training as defined in 10 U.S.C. § 101(d), or annual training duty. Under 10 U.S.C. § 101(d), the term “active duty” is defined as those individuals who are on full-time duty in the active military service of the United States including full-time training duty, annual training duty, and attendance, while in the active military service, at a school designated as a service school by law or by the Secretary of the military department concerned.

The proposed legislation would also amend 38 U.S.C. § 3301(1)(C) by expanding the eligibility criteria for those with active-duty service as a member of the Army National Guard or Air National Guard. Currently, such individuals are limited to those with service described in section 3301(1)(C) with full-time service: (i) in the National Guard of a State for the purpose of organizing, administering, recruiting, instructing, or training the National Guard, or (ii) in the National Guard under 32 U.S.C. § 502(f) when authorized by the President or the Secretary of Defense for the purpose of responding to a national emergency. The amendment would now define “active duty” to include: (i) full-time service in the National Guard of a State for the purpose of organizing, administering, recruiting, instructing, or training the National Guard; (ii) full-time service in the National Guard when performing full-time National Guard duty as defined in 32 U.S.C. § 101, which includes the Army

National Guard and the Air National Guard; and (iii) full-time service in the National Guard when performing active duty, as defined in 32 U.S.C. § 101.

Currently, Guard and Reserve service is only creditable for the Post-9/11 GI Bill benefit if its service in very limited circumstances: on active duty under a call or order to active duty under section 688, 12301(a), 12301(d), 12301(g), 12301(h), 12302, 12304, 12304a, or 12304b of title 10 or section 712 of title 14; or in the case of a member of the Army National Guard of the United States or Air National Guard of the United States full-time service in the National Guard of a State for the purpose of organizing, administering, recruiting, instructing, or training the National Guard; or in the National Guard under section 502(f) of title 32 when authorized by the President or the Secretary of Defense for the purpose of responding to a national emergency declared by the President and supported by Federal funds.

The proposed legislation would be effective 1 year after the date of enactment. The amendments would apply to service performed on or after September 11, 2001.

Finally, the time limitation under 38 U.S.C. § 3321(a) for using VA education benefits acquired from the expansion of eligibility for Reserve and National Guard members by this bill would apply as if the amendments had been enacted immediately after the enactment of the Post-9/11 Veterans Educational Assistance Act of 2008 (P.L. 110-252).

VA supports the proposed legislation, subject to the availability of appropriations. However, VA cites concerns with implementation. Specifically, VA has concerns regarding data collection challenges associated with implementing the proposed legislation. VA would need to discuss the additional categories falling under the revised definition of full-time active duty and the sufficiency of data received under the current computer matching agreement for identifying individuals falling within those categories with the Department of Defense (DoD). VA has concerns regarding the availability of DoD data elements corresponding with information technology (IT) systems and adjudication rules; therefore, VA believes that significant collaboration between VA and DoD would be required to facilitate the data exchange needed to adjudicate automated claims. The proposed changes would require VA to make significant changes to the type of data currently exchanged between DoD and VA through the VA/DoD Identity Repository and displayed in the Veterans Information System. Additionally, the Digital GI Bill program would need new rules programmed to calculate eligibility based on the new categories of qualifying active-duty service. Based on the cumulative effect of these changes, VA estimates that it would take 18 to 24 months from enactment of the proposed legislation to make necessary adjustments.

Please note, this timeline is contingent on DoD first having the data available, compiled, and complete prior to VA implementing adjudication procedures.

A cost estimate is not currently available.

H.R. XXXX “Reforming Education for Veterans Act”

Currently, members of the Armed Forces (including Reserve Components) who are enrolled in a course of education at an institution of higher learning using VA education benefits and who receive orders to enter active service, inactive duty training, or State active duty can withdraw or take a leave of absence from the course without suffering any adverse action, such as a failing grade or financial penalty.

Section 2 of this bill would amend 38 U.S.C. § 3691A to add an additional protection that would allow a covered member, after receiving orders to enter a period of covered service, to enter into an agreement with the institution concerned to complete a course of covered education to the satisfaction of the institution. The covered member would be required to have completed at least one-half of the course of covered education.

Section 3 of this bill would amend 38 U.S.C. § 3693(a) by requiring VA to ensure that any educational institution with multiple campuses is only required to complete one annual compliance survey if one school certifying official (SCO) certifies Veteran enrollment for all such campuses. This section would also change the timeline for VA or a State approving agency to provide notice to an educational institution before conducting a compliance survey to not more than 15 days for an educational institution with a time stamp data base collection feature, and not more than 10 days for any other educational institution. Finally, section 3 of the bill would define the term “school certifying official” as an employee of an educational institution with primary responsibility for certifying Veteran enrollment at the educational institution.

Section 4 of this bill would require VA to notify SCOs of updates to the SCO handbook not later than 14 business days after VA updates the handbook.

VA does not support this bill primarily due to requirements outlined in section 3; however, VA supports section 2 subject to amendment and subject to the availability of appropriations, and VA has no objections to section 4.

VA supports section 2, subject to amendment and subject to the availability of appropriations. While VA supports much of section 2, VA disagrees with the proposed limitation that would require the student to complete at least half of a course of education to be eligible to enter into an agreement with the school. VA believes the school and student should be allowed to enter into an agreement regardless of the amount of the course the student has completed. As such, VA recommends striking proposed section 3691A(d).

VA does not support section 3. Compliance surveys are about more than simply checking that the SCO is keeping adequate records. Therefore, the limitation on surveys based solely on the campuses sharing an SCO for verification of enrollments creates a significant liability that should a campus fail to satisfy approval requirements, the deficiency would go unnoticed. Simply because a program satisfies all approval requirements at one campus, we cannot assume the same program administered by the same school and certified by the same SCO satisfies all approval requirements at a different campus. Approval requirements for educational institutions include adequate facilities, space, and equipment, which must be reviewed at each individual location. Therefore, there can be one campus which has adequate facilities, space, and equipment while a different campus of the same school may lack adequate facilities, space, and equipment. The failures of the campus may not be present at the time of initial approval and may be only discoverable through a compliance survey. For example, the equipment may break or the facilities may fall into disarray due to neglect. A compliance survey is necessary at each campus to make sure programs continue to satisfy approval requirements for the good of our GI Bill beneficiaries regardless of whether the SCO is shared across multiple campuses.

VA has no objection to section 4. However, VA believes this provision should be codified in chapter 36 for reference purposes allowing schools to easily locate this requirement in the future. As drafted, this provision would not be included in the United States Code and should be. It would not be beneficial to require VA and schools to search for this requirement in Public Laws, if enacted.

H.R. XXXX. Repayment to Servicemembers of Contributions Made Towards Post-9/11 GI Bill

This bill would amend 38 U.S.C. § 3327(f)(3) to remove the timing requirement for VA to refund the \$1,200 Montgomery GI Bill-Active Duty (MGIB-AD) contribution with the last monthly housing payment under the Post-9/11 GI Bill (PGIB). The current requirement establishes that an individual must be receiving a housing allowance at the time he or she exhausts his or her PGIB entitlement to receive a refund of the MGIB-AD contribution. Under this bill, VA would be allowed to refund the \$1,200 contribution at any time prior to an individual exhausting his or her PGIB benefits. The amendment would take effect on August 1, 2025.

VA supports this bill, subject to the availability of appropriations. It would allow certain individuals to receive a refund of their \$1,200 MGIB-AD contribution prior to exhausting their PGIB benefits and eliminate confusion regarding the refund of their MGIB-AD contributions.

VA notes, however, that the bill would not remove the language in 38 U.S.C. § 3327(f)(1) that the refund be provided as an increase to the monthly housing allowance (MHA), meaning the earliest VA can refund the \$1,200 MGIB-AD contribution is with the first monthly housing payment after the election to receive Chapter 33 benefits. However, some beneficiaries may never be entitled to MHA payments (for example, if they choose to enroll in programs such as flight training where MHA is not authorized, if they only pursue a program at half-time or below, or if they use all PGIB entitlement while on active duty), meaning these beneficiaries would never get their \$1,200 refunded. If Congress intends to allow VA to refund the \$1,200 MGIB-AD contribution to Veterans who do not receive a monthly housing payment as part of their PGIB benefits, which is possible, or to allow a refund prior to the next monthly housing payment, it should remove this requirement from section 3327(f)(1).

Additionally, such a change would require VA to make significant modifications to its automated adjudication systems. As written, the proposed legislation would require VA to implement the policy change, effective August 1, 2025. However, VA would like to note that the Department would need significant time to implement such IT changes after enactment.

A cost estimate is not currently available.

H.R. XXXX “Veterans Education and Technical Skills Opportunity Act of 2025” (“VETS Opportunity Act of 2025”)

This bill would amend 38 U.S.C. § 3680A to allow VA, for a quarter, semester, or term beginning on or after August 1, 2025, to approve enrollment of eligible Veterans in an accredited independent study program that leads to a certificate that reflects graduation from a course of study that requires regular and substantive interaction between students and instructors if it is offered by (i) a post-secondary area career and technical education school, (ii) a post-secondary vocational institution, or (iii) an institution of higher education that is approved to participate or is participating in the student financial assistance programs authorized by title IV of the Higher Education Act of 1965 (title IV). Currently, VA can only approve enrollment of eligible Veterans in an accredited independent study program that leads to a certificate if it is offered by (i) a post-secondary area career and technical education school or (ii) a post-secondary vocational institution.

VA supports this bill, subject to the availability of appropriations. However, VA notes that this bill would affect approval of certain accredited non-college degree programs offered through independent study, but other important and invaluable prerequisite courses for admission into a degree program, such as online remedial courses, would continue to be barred from GI Bill approval. Thus, while the bill would increase training opportunities for Veterans, it perhaps does not go far enough in providing a pathway to GI Bill approval for valuable programs while safeguarding Veterans and beneficiaries from predatory actors. Moreover, because the bill would not require “participation” in a title IV program as a condition for approval, an educational institution that “is approved to participate” but is not “participating in” the program could avoid the additional oversight and protections afforded by the Department of Education.

A cost estimate is not currently available.

H.R. XXXX VR&E Hotline and Outreach

This bill would amend 38 U.S.C. § 3104 by requiring VA to establish a telephone number within the Education Call Center for calls about Veteran Readiness and Employment (VR&E) services and requiring regional offices to include a phone number and email address for a VR&E point of contact on their website. This bill would also create a new 38 U.S.C. § 3123 requiring VR&E counselors to attend monthly question-and-answer sessions with SCOs. VR&E counselors would be required to offer in-person briefings about VR&E services to Veterans at schools within 150 miles of each regional office and virtual briefings for schools more than 150 miles from the regional office. Finally, VA would provide a report on extensions of periods of vocational rehabilitation programs, including the number of Veterans requesting an extension, the number of requests approved, and the number of requests rejected. Counselors would also have up to 30 days to determine if an extension could be granted following a Veteran’s request.

VA supports this bill, subject to amendment, and subject to the availability of appropriations. VA is dedicated to strengthening communication and access to VR&E services and recognizes the importance of enhancing outreach efforts for Veterans. However, VA has concerns with language throughout the bill that would require a Vocational Rehabilitation Counselor (VRC) to perform activities not directly associated with executing Chapter 31 benefits. In addition, the bill would contain requirements that would be difficult to implement either due to staff turnover or resource availability.

VA supports creating a call center within the Education Call Center specifically for VR&E participants. This would require additional resource allocation to execute the increased service demand of the call center and provide VR&E benefit-specific training to the representatives who answer the calls.

VA supports each regional office publishing a telephone number and email address on its website for Veterans to access information about services. However, VA does not recommend including a name on a public website, as this could pose logistical issues associated with maintaining the website due to turnover and the availability of the specific employee as a single point of contact.

VA supports a monthly question-and-answer session with appropriate SCOs. However, VA recommends amending the bill’s language in proposed new section 3123(a) to require a representative from each regional office to participate in the monthly sessions rather than requiring every VRC to do so, which would significantly limit the VRCs’ availability to serve Veterans and execute Chapter 31 benefits for Veterans currently enrolled in the program.

VA supports providing informational briefings if the language in proposed section 3123(b) is amended to require “a trained outreach specialist” to provide these brief-

ings rather than requiring every VRC to do so. Without this amendment, the bill would restrict the availability of a counselor to execute Chapter 31 benefits for Veterans currently enrolled in the program. This would significantly increase wait times for services and benefit delivery for Chapter 31 beneficiaries. Outreach would not specifically require a trained VRC to provide the informational briefings. Additional resource and hiring authority for outreach specialists would be required to meet increased in-person briefing requirements.

These proposed amendments would allow VA to utilize appropriate resources for this type of service, which would likely result in an overall cost savings when compared with using vocational counselors to perform these functions. VA remains committed to providing Veterans with high-quality counseling through a combination of in-person and virtual services, ensuring accessibility while maximizing efficiency.

A cost estimate is not currently available.

H.R. XXXX Individualized Vocational Rehabilitation Plans

This bill would amend 38 U.S.C. § 3107 by modifying the conditions that must be met for VA and the Veteran to redevelop an individualized written plan of vocational rehabilitation. VA would be required to redevelop a plan if it determines that (i) achievement of the Veteran's long-range rehabilitation goals are no longer feasible due to changes in the Veteran's employment handicap or (ii) achievement of such long-range goals is more likely under a different plan. The bill would continue to authorize VA to disapprove redevelopment of such plan if VA determines that redevelopment is not appropriate.

VA supports this bill, subject to the availability of appropriations. This bill would provide clarity and remove subjective language, such as requiring VA to redevelop the plan if VA determines that redevelopment "is appropriate." It would delineate the reasons why VA would redevelop a plan to ensure justification and consistency.

A cost estimate is not currently available.

H.R. XXXX "Fair Access to Co-ops for Veterans Act of 2025"

This bill would reauthorize VA to guarantee certain loans for the purchase of stock or membership in a cooperative housing (co-op) corporation and would require VA to prescribe new implementing regulations. It would also require Veterans to pay a fee of 3.25 percent of the total loan amount for any co-op loan, including an assumption of a co-op loan, in addition to the standard statutory loan fee.

VA does not support this bill. Section 2(a) of the bill would amend 38 U.S.C. § 3710(a)(12) to reauthorize VA to guarantee co-op loans. It would constitute a reauthorization because the initial authority expired in 2011. New implementing regulations would also be required, but section 2(f) would authorize VA to issue implementing guidance in advance of regulation. Section 2(b) of the bill would amend 38 U.S.C. § 3729(b) to add a second funding fee to be paid by a Veteran who obtains or assumes a co-op loan, and section 2(c) would ensure that VA could guarantee a co-op loan for more than \$144,000. Section 2(d) would amend 38 U.S.C. §§ 3704(c) and 3714 to require VA to treat the shares in a co-op as residential property, and section 2(e) would authorize VA to advertise the availability of co-op loans.

The reason for VA's lack of support of the bill is rooted in the numerous differences between loans to purchase co-op shares and the more traditional home loans that VA guarantees. Where the traditional loan usually involves the purchase of a residential unit, including an interest in land, a Veteran seeking to live in a co-op buys stock or shares of the co-op's corporation. VA believes the differences would create challenges for Veterans and other stakeholders, risks for taxpayers, and concerns for VA that the bill could not be implemented as drafted.

Although co-op housing provides a viable housing alternative in certain markets, the unique co-op housing framework is not in wide demand, and VA fears it would raise significant cost obstacles for most Veterans. Many residential co-ops require down payments or cash reserves to join, and when factoring in rising co-op prices, lower volume, higher interest rates, and the 3.25 percent funding fee on top of the standard funding fee a Veteran would pay for a VA-guaranteed loan, the cost of co-op loans could prove prohibitive.

State-specific classifications of co-ops can also lead to extra cost burdens for Veterans. Although the bill would amend sections 3704(c)(3) and 3714(i) to classify the shares as residential property for VA purposes, the new amendments would not preempt State laws. New York and Florida, for example, treat co-ops as personal property because buyers acquire shares in a corporation, receive a proprietary lease for their unit, and do not own the real estate directly. The state-specific laws can result

in legal and administrative expenses, both upfront and ongoing, that do not arise in connection with more traditional types of home ownership.

In addition to cost obstacles Veterans could face, they may have difficulties finding lenders willing to make co-op loans in VA's program, for two reasons. First, originating co-op loans require lenders to have more specialized expertise and to take on significantly more risk than with traditional home loans. Given the low volume VA would expect in VA's program—VA did not guarantee any co-op loans during the 5-year trial period that ended in 2011—lenders may simply find it too costly or too risky, or both, to participate. Second, and perhaps more influential in lenders' possible unwillingness to participate, is that the degree of secondary investor interest in VA-guaranteed co-op loans remains largely unknown, if not suspect. Cashflows for lenders originating VA-guaranteed loans generally 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, and it is not clear whether Ginnie Mae would accept VA co-op loans into their MBS. Thus, without a clear investment vehicle for the loans, and given the complexities inherent in co-op lending in the first place, VA believes Veterans could struggle to find a co-op loan product that would work for them.

Another challenge Veterans could face is a co-op corporation's default on the corporation's obligations. If, for instance, there is a lien against an underlying co-op building project, the shareholders take their shares subject to the outstanding corporate lien. The subordinate position jeopardizes the security of the shares, though, because the shares remain subject to the risk of corporate insolvency and foreclosure of the overall co-op building project. Notably, this is yet another reason why some lenders are unwilling to make co-op loans, as lenders must be able to evaluate and monitor the financial well-being of the corporation, and they must subordinate their own loans to the corporation's obligations. VA notes the subordination of a VA-guaranteed loan would not seem to clearly satisfy the lien priority requirements of current section 3703(d)(3)(A), which requires that "[a]ny real estate housing loan (other than for repairs, alterations, or improvements) shall be secured by a first lien on the realty."

The challenges would not be limited to Veterans, however. The unique structure of co-ops would also place taxpayers and VA at risk. For example, the foreclosure of a co-op building project would, if the Veteran shareholder lost the right to the shares as a result, almost undoubtedly lead to VA having to make good on the guaranty. In other words, VA would have to pay a guaranty claim, not because the Veteran defaulted, but because the corporation did. Also, VA is uncertain how the liquidation, possession, and resale of the fractional corporate shares would fit within the prescribed procedures on default within current section 3732 (giving holders the legal option to convey the foreclosed property to VA), leaving it questionable whether VA would be able to realize any investment if VA were to acquire the property. Furthermore, at a more fundamental level, VA does not support the concept of the Secretary, an Officer of the United States, becoming a shareholder in co-op housing projects as this could lead to conflicts with that role.

Finally, VA is concerned that the bill would fail to address the expertise and resources VA would need for implementation. VA has not had authority to guarantee co-op loans for over a decade. That fact, coupled with substantial changes in the housing market since 2011, means VA is not equipped with personnel who possess the experience and knowledge to provide the highest quality service that Veterans, other stakeholders, and even VA itself expect of the agency. Additionally, this bill would provide no funding to rectify this issue, essentially making it an unfunded mandate. Thus, VA believes the agency would not be able to succeed in implementing the bill, and this failure would come at the expense of Veterans, taxpayers, and VA's already limited resources.

H.R. XXXX VA Home Loan Program Reform Act

This unnumbered bill would authorize VA to take certain actions to help Veterans who default on a VA-guaranteed loan, including clarifying VA's authority to purchase defaulted guaranteed loans. It would also require VA to prescribe loss mitigation procedures, establish a partial claim program, and report to Congress, not later than 90 days after enactment of the Act, on VA's strategy to ensure that a Veteran who seeks to purchase a home with a VA-guaranteed loan is not at a disadvantage when attempting to secure representation by a real estate agent or broker.

The Department is still examining the legislation and is unable to provide comprehensive views at this time.

H.R. XXXX VA Servicing Purchase Limitation

This bill would limit VA's loan purchases to 250 loans per Fiscal Year and require VA to report on a plan to sell acquired loans to the private sector.

The Department is still examining the legislation and is unable to provide comprehensive views at this time.

H.R. XXXX “Automotive Support Services to Insure Safe Transportation Act of 2025” (“ASSIST Act of 2025”)

This bill would amend 38 U.S.C. § 1701(6)(I), which generally defines, among medical services VA is authorized or required to furnish, automotive adaptations. Current law includes the provision of medically necessary van lifts, raised doors, raised roofs, air conditioning, and wheelchair tiedowns for passenger use. The bill would amend this authority to include the provision of any medically necessary automobile adaptations, including ramp and kneeling systems, raised doors or lowered floors, raised roofs, air conditioning, mobility device lifts, non-articulating trailers, ingress or egress accessibility modifications, and wheelchair tiedowns.

VA supports, subject to amendments, subject to the availability of appropriations. VA supports these proposed amendments, except for the inclusion of non-articulating trailers. If the language omitted non-articulating trailers, it would largely match with current VA policy (except for kneeling systems, which VA can currently prescribe but not actually provide) and would address concerns VA has identified with the current statutory language, which was enacted in section 22 of the Veterans Auto and Education Improvement Act of 2022 (P.L. 117–333). VA's concern is that the current statutory language is too narrow and does not provide VA clear authority to furnish other necessary adaptations, such as ramp and kneeling systems, lowered floors, and ingress and egress accessibility modifications more generally. The current statute also refers only to wheelchair tiedowns “for passenger use.” It does not include tiedowns for the driver's use. By modifying the language to refer more broadly to “any medically necessary automobile adaptations,” it also leaves VA room to include additional adaptations as they are developed and proven to be safe and appropriate for use.

VA does not support including non-articulating trailers within the definition of medical services and medically necessary automobile adaptations. The bill would define “automobile adaptations,” and the rest of the services listed do modify or alter the vehicle itself. Trailers, however, are separate conveyances that are attached to the vehicle, often by a trailer hitch mounted to the vehicle. They are commercially available vehicles that are fully removable from a vehicle, and which require no modification or alteration to the vehicle. As a separate conveyance, rather than a modification or alteration to a vehicle, trailers as a class of motor vehicle also raise independent safety concerns that must be weighed against the benefits of transporting items. The Department of Transportation's national Highway Traffic Safety Administration (NHTSA) is the United States' Government agency responsible for developing and enforcing automobile safety standards under United States Code title 49 and its implementing regulations. Consequently, VA refers to NHTSA and its expertise in developing and enforcing safety standards as established in regulation and considers it prudent to use NHTSA's established definitions to ensure that equipment and installations meet appropriate quality standards. NHTSA defines a trailer in 49 C.F.R. 571.3 to mean “a motor vehicle with or without motive power, designed for carrying persons or property and for being drawn by another motor vehicle.”

We do note that Congress has already included non-articulating trailers under the automobile adaptive equipment (AAE) program by amending 38 U.S.C. § 3901(2) through section 20 of the Veterans Auto and Education Improvement Act of 2022 (P.L. 117–333). VA's AAE program is a benefit program, by which eligible Veterans receive needed adaptive equipment for their vehicles to permit safe access to and from the vehicle and safe operation. VA first conducts a clinical evaluation of the Veteran, and the Veteran undergoes extensive training to ensure the Veteran can safely enter, exit, and operate the vehicle. NHTSA has authority to prescribe safety standards applicable to new motor vehicles and new items of motor vehicle equipment. VA is unaware of new guidance from NHTSA concerning non-articulating trailers and is open to discuss with NHTSA if information becomes available. Eligibility for the AAE program under chapter 39 generally is narrower than eligibility for medical services under chapter 17, so including non-articulating trailers under the definition of medical services would significantly increase costs to VA without a clear benefit to Veterans.

VA is working on a cost estimate for the provision of kneeling systems.

H.R. XXXX Simplifying Veterans Assistance Act of 2025

This bill would amend 38 U.S.C. § 2011(e), which generally establishes application requirements for entities seeking grants from VA's Homeless Grant and Per Diem (GPD) program. The amended language would require VA to make publicly available, on an appropriate VA website, guidance and best practices for entities seeking grants under this section. It would also require VA, after the announcement of a notice of funding opportunity (NOFO) and before the application deadline, to offer at least two online information sessions for entities seeking grants. Each information session would have to last for at least 1 hour, include the opportunity for participants to ask questions about the grant application process, include an explanation of the specific language in the grant application, and provide information about other sources of information about such grants and assistance in applying for such grants.

VA supports with amendments, subject to the availability of appropriations, and has already incorporated many of the requirements this bill would establish.

The requirement to conduct at least two sessions that last for at least 1 hour is also overly prescriptive, as there may not be sufficient demand or interest to warrant dedicating an hour or more of VA staff time on two separate occasions. VA recommends providing the Secretary discretion to cancel an information session if there is insufficient demand or interest.

VA currently maintains two websites with information that includes guidance and best practices on the GPD program (<https://www.va.gov/homeless/gpd.asp> and <https://www.va.gov/homeless/gpd-providerwebsite.asp>). VA also maintains several email addresses that are prominently displayed to respond to questions about the GPD program in general, fiscal questions, and questions about Standard Form 425. VA's 2024 NOFO also provides one of these email addresses and notes that requests for technical assistance can be submitted by email, with responses provided within 3 business days. These current efforts seem more accessible to providers than a single 1-hour window during an information session. VA's NOFOs typically include much of the same information from year to year, and many of the awardees are the same from year to year. Additionally, VA tracks requests for technical assistance after each grant announcement and tailors future cycles accordingly.

VA does not have a cost estimate for this bill.

H.R. XXXX “End Veteran Homelessness Act of 2025”

Section 2(a) of this bill would amend 38 U.S.C. § 2003(b) to clarify that the number of case managers in the Veterans Health Administration (VHA) must be sufficient to ensure that every Veteran who is provided a housing voucher through the Department of Housing and Urban Development (HUD)-VA Supportive Housing (VASH) program and who is determined to require case management is assigned to a case manager. It would also require VA, in assigning case managers and providing services under section 2003(b), to prioritize vulnerable homeless Veterans, including Veterans who are homeless and who have disabilities (including chronic mental illness, substance abuse disorders, or physical disabilities).

Section 2(b) would require VA, in coordination with HUD, to submit an annual report to Congress on the HUD-VASH program, which would have to include detailed information on Veterans and VHA case managers, as well as the program itself.

VA cites concerns with this bill. VA strongly agrees with the need to solve Veteran homelessness, and VA is exploring all options to address Veteran homelessness. Section 2(a) would amend requirements for VA and HUD in the administration of the HUD-VASH program. We would welcome the opportunity to meet with the Committee to discuss how VA and Congress can work together to further reduce and eliminate Veteran homelessness.

Section 3 would make several amendments to 42 U.S.C. § 1437f(o)(19), the core authority for the HUD-VASH program. First, it would rescind the outdated cap on the number of vouchers that could be provided in FYs 2007–2011. Second, it would remove the requirements that a participating Veteran has and agree to continued treatment of a chronic mental illness or chronic substance use disorder. Third, it would clarify that Veterans who are at risk of homelessness, and those receiving assistance under another housing assistance program if a HUD-VASH voucher would be more appropriate, would be eligible for this program. Fourth, it would require VA to provide case management to Veterans who are determined (by qualified employees or entities that participate in a centralized or coordinated HUD entry system) to require case management, but Veterans could refuse case management. For those Veterans, VA would have to make recurring attempts to engage and build a relationship with the Veteran to provide case management, solicit feedback, and promote the Veteran's housing stability and opportunities to access health care and

other VA benefits and provide case management if the Veteran subsequently requested it. Fifth, neither HUD nor public housing authorities could revoke rental assistance solely based on the refusal of case management. Sixth, if a Veteran's case management was suspended for the health and safety of the Veteran or the case manager, owners could not evict or otherwise penalize the Veteran solely because of the suspension. Seventh, vouchers could be used for Veterans who are homeless or at risk of homelessness who do not require case management if such use is included in the notice of operating requirements for the program. Finally, funds would be authorized to be appropriated for administrative fee payments to public housing authorities for costs of administering vouchers and other eligible expenses (such as security deposit assistance and other costs related to retention and support of participating owners) as defined by notice issued by HUD.

VA cites concerns with section 3 of the bill. As noted above, VA would welcome the opportunity to meet with the Committee to identify new ways to address Veteran homelessness.

VA defers to HUD regarding some of the specific operational elements of this section that HUD would administer, as there may be programmatic issues associated with some of the specific language here.

Section 4 of this bill would require the Comptroller General to submit a report to Congress containing demographic data on the HUD-VASH program and an assessment of various elements of the program.

VA defers to the Comptroller General on section 4 of this bill. Because section 4 would require the Comptroller General to submit a report to Congress, VA defers to the Comptroller General. Section 4 would result in no costs to VA.

VA strongly supports efforts to end Veteran homelessness, and we appreciate Congress' efforts to bolster VA's work in this area. Particularly, we appreciate Congress' enactment of the Housing Oversight and Mitigating Exploitation Act of 2024 (title IV of the Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act; P.L. 118-210). While these new authorities are critical, 38 U.S.C. § 2016 must be amended to increase the authorization of appropriations to ensure no Veterans are displaced because of modifications to per diem rate limits.

We further recommend Congress make permanent the appropriations authority due to expire on September 30, 2025. VA proposes to authorize appropriations at the necessary amounts for the Supportive Services for Veteran Families (SSVF) program beginning in Fiscal Year 2026 and in perpetuity. SSVF is an integral component of VA's efforts to reduce and end homelessness among Veterans and has contributed significantly to cutting homelessness among Veterans in half since 2010. Permanent authority supports continuity of these essential services and supports local planning by local communities receiving SSVF funding.

Conclusion

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

Prepared Statement of Kristina Keenan

Chairman Van Orden, Ranking Member Pappas, and members of the subcommittee, on behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, thank you for the opportunity to provide our remarks on legislation pending before this subcommittee.

H.R. 913, Streamlining Aviation for Eligible (SAFE) Veterans Act of 2025

The VFW supports this proposal to provide parity for students seeking flight training at certain institutions through the Veteran Readiness and Employment (VR&E) program. The law allows student veterans utilizing the GI Bill to attend flight training through educational programs that do not provide a degree. This proposal would allow the same permissions for veterans utilizing Chapter 31 VR&E benefits to pursue flight training at similar institutions.

H.R. 980, Modernizing the Veterans On-Campus Experience Act of 2025

The VFW supports this legislation that would remove the education requirement for VetSuccess on Campus (VSOC) counselors. VSOC counselors provide all student veterans and service members on a college campus with support to navigate the full range of Department of Veterans Affairs (VA) benefits, and the resources to successfully complete their educational programs. VA should have the flexibility to hire

more VSOC counselors to assist students on campus. Vocational Rehabilitation Counselors (VRC) who provide counseling and employment services specifically for students using VR&E benefits would continue to have education requirements. Because of the nature of their counseling work, we see this as appropriate. Removing the education requirement for VSOC counselors enables more people, including veterans, to apply for these important jobs.

H.R. XXXX, Automotive Support Services to Improve Safe Transportation (ASSIST) Act of 2025

The VFW supports this legislation that would clarify language in statute that defines VA automotive support services. This amendment would modernize the law and ensure veterans receive the medically necessary automotive adaptations for their specific needs.

H.R. XXXX, Veterans Education and Technical Skills (VETS) Opportunity Act of 2025

The VFW supports the intent of this proposal to require independent study programs that lead to a certificate of graduation from a course of study to include regular and substantive interaction between students and instructors. While this sounds like appropriate guardrails for independent study programs, particularly ones that are conducted completely online, we would like clarity on the intended full impact of this legislation. Input from VA could also provide useful feedback.

H.R. XXXX, Reforming Education for Veterans Act

The VFW supports portions of this legislation to make certain improvements for student veterans and the educational institutions that serve them. First, it would provide students who are called to active duty a third option in addition to withdrawing from a course or taking a leave of absence. A veteran who has completed at least half of the course would have the option of entering into an agreement with the school to complete the course. The VFW would support this added flexibility as long as it is clarified that the choice would be for the student to make, not the institution. This would ensure that the veteran could utilize the best option to fit the individual situation considering all factors including the anticipated length of the activation.

The VFW supports the provision in this proposal to require only one compliance survey from schools that have multiple locations and to extend the time to complete surveys from ten to 15 days. This would ensure that schools have enough time to complete the surveys and reduce duplicative work.

H.R. XXXX, Veterans Readiness and Employment Transparency Act of 2025

The VFW appreciates the intent of this proposal and supports certain provisions to make improvements to the VR&E program. The legislation would require VA to establish a dedicated phone number within its education call center to address veteran questions about VR&E. Many of the questions that veterans have about the program pertain to eligibility for the benefit, program approvals, supplies and equipment approvals, and housing needs. VR&E eligibility is assessed after a veteran applies for the benefit and a counselor has examined the specific case, including the employment barriers experienced. A national call center would be able to provide only general information about where and how to apply for VR&E, which is easily found online. Questions about VR&E should be answered by the veteran's counselor who knows about the individual's specific disabilities, employment goals, and vocational rehabilitation plan. More resources for counselors, including additional administrative support, would enable them to spend the appropriate time on counseling. The VFW recommends focused efforts to ensure counselors can be more responsive to their veterans.

We support the provision to require that VR&E counselors attend monthly question and answer sessions with school certifying officials. VFW members who work at institutions of higher education tell us that this would be helpful. School officials want meaningful and regular interactions with counselors to ask questions. We recognize that this would add more work to the counselors' already heavy workload, so administrative support would be necessary for them to have adequate time to prepare and conduct these sessions.

The VFW supports the provision to require counselors to provide veterans in-person briefings about VR&E services, or virtually if the school is more than 150 miles from the assigned VA regional office. Student veterans tell us that they want more interaction and information from VR&E counselors, and this is a good step forward.

The VFW supports the provision to require VA to provide an annual report on the number of veterans who requested an extension of their VR&E program, the

number of requests approved, and the number rejected. This would provide important oversight of the program. It could identify veterans who are not making progress and who may need their rehabilitation plans reworked. This reporting could help reduce waste and abuse of the program, safeguarding this benefit for veterans who truly need it.

H.R. XXXX, To amend title 38, United States Code, to ensure that the Secretary of Veterans Affairs repays members of the Armed Forces for certain contributions made by such members toward Post-9/11 Educational Assistance

The VFW supports this proposal to provide individuals who paid into the Montgomery GI Bill during their military service and then use their Post-9/11 GI Bill benefits to receive a repayment of their contributions. For those students who qualify, this could mean \$1,200 paid back. This would provide greater financial stability to recipients while they pursue their education or training. We ask for congressional oversight regarding how this could impact those for whom the Rudisill Supreme Court decision would also apply.

H.R. XXXX, End Veteran Homelessness Act of 2025

The VFW supports this proposal to modify the joint U.S. Department of Housing and Urban Development (HUD) and VA Supportive Housing program (VASH), or HUD-VASH program. HUD-VASH combines HUD's housing choice voucher rental assistance with VA case management and supportive services. This proposal would expand case management for homeless veterans, and provide assistance with rent and administrative fees such as security deposits. The bill would also establish an annual report on the HUD-VASH program including usage data, staffing ratios, services provided to veterans, barriers that prevented voucher use, and characteristics of voucher use. Last, the proposal includes a Government Accountability Office report on characteristics of homeless veterans served by the HUD-VASH program. These reports would provide important information on the success of the program and would assist in identifying where specific improvements should be made.

H.R. 1423, Guard and Reserve GI Bill Parity Act of 2025

The VFW strongly supports this legislation to allow any day in uniform for which military pay is received to count toward Post-9/11 GI Bill eligibility, creating parity for National Guard and Reserve members. Currently, Post-9/11 GI Bill eligibility is based on active duty service for at least 90 days. For those in the reserve components, initial skills and training periods are deemed non-qualifying service. Also, full-time National Guard service and certain responses to national emergencies do not qualify.

The sacrifices of these reserve component members have continued to be overlooked for decades despite an increase in deployments since September 11, 2001. Though they have served alongside active duty service members during increasingly frequent activations both domestic and abroad, they do not always earn their VA education benefits at the same rate. This inequity has been highlighted during the frequent activations due to natural disasters, the COVID-19 pandemic, and border security missions as National Guard and Reserve members have stood on the front lines administering relief and services. The VFW strongly urges Congress to pass this legislation to allow reserve component members to rightfully earn GI Bill benefits for every day served.

H.R. XXXX, To amend title 38, United States Code, to modify the conditions under which the Secretary of Veterans Affairs is required to redevelop the individualized vocational rehabilitation plan for a veteran, and for other purposes

The VFW supports this proposal to modify the conditions under which VA is required to redevelop a veteran's individualized vocational rehabilitation plan. Veterans using VR&E benefits may experience challenges with service-connected disabilities while pursuing education or training as part of their approved plan. This legislation would require VA to review the rehabilitation plan annually with the veteran and together redevelop the plan if it is no longer feasible due to the veteran's employment challenges or if the goals are assessed to be more feasible under a different plan. Some of this guidance can be found in regulation, but this would codify these provisions into law and add the annual review. Veterans using VR&E benefits should be able to redevelop their rehabilitation plans at any point in the process, if and when needed, to ensure successful employment outcomes upon completion.

H.R. XXXX, Fair Access to Co-ops for Veterans Act of 2025

The VFW supports this draft proposal to extend the VA Home Loan Guaranty program to veterans seeking to purchase residential cooperative housing units (co-ops). Since the program does not currently include co-ops, veterans who live in cities where these housing options are prevalent are disproportionately affected. New York City is the prime example. In that city alone, co-ops comprise almost two thirds of all multi-family housing, for which veterans cannot use VA home loans. Veteran home ownership in New York City is significantly lower than the rest of the country, which is concerning. Other cities where co-ops are prevalent are Baltimore, Chicago, Los Angeles, Miami, Minneapolis, Newark, Palm Beach, Philadelphia, San Francisco, and Washington, DC. Expanding the VA home loan program to co-ops would help fix an equity issue for veterans who live in these areas, and provide long-term housing stability.

Chairman Van Orden and Ranking Member Pappas, this concludes my testimony. I am prepared to answer any questions you or the subcommittee members may have.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, the VFW has not received any Federal grants in Fiscal Year 2025, nor has it received any Federal grants in the two previous Fiscal Years.

The VFW has not received payments or contracts from any foreign governments in the current year or preceding two calendar years.

Prepared Statement of Julie Howell

Chairman Van Orden, Ranking Member Pappas, and members of the subcommittee, Paralyzed Veterans of America (PVA) appreciates this opportunity to share our views on some of the legislation before the subcommittee today. PVA members – veterans who have incurred a spinal cord injury or disorder (SCI/D), experience the breadth of VA care and benefits in unique ways due to their injuries and illnesses. We welcome the chance to share how some of these bills might impact our members.

H.R. 980, the Modernizing the Veterans On-Campus Experience Act of 2025

At the end of the last Congress, PVA testified during an oversight hearing held by this subcommittee about the effectiveness of VA's Veteran Readiness and Employment Program (VR&E). During that hearing, we stressed the importance of modernizing the Veteran Success on Campus (VSOC) program. For example, education requirements for VSOC positions should be reduced. The current statute requires VSOC counselors to have a master's degree in vocational rehabilitation counseling. This limits the number of people who can perform in this critical role while also reducing the number of Veteran Rehabilitation Counselors (VRC) available to perform complicated casework for VR&E clients. PVA would like to thank the Chairman for listening to various stakeholders about how best to accomplish this change, which in turn led to the development of this legislation. We strongly support this bill and look forward to its passage.

H.R. 1364, the Automotive Support Services to Improve Safe Transportation Act of 2025 (ASSIST Act)

Many PVA members rely on VA's Automobile Adaptive Equipment (AAE) program, which allows eligible veterans to make necessary accessibility adaptations to a traditional vehicle. The Veterans Auto and Education Improvement Act of 2022 (P.L. 117-333) allowed catastrophically disabled veterans to receive an additional automobile allowance, as well as codifying certain vehicle adaptations. The ASSIST Act will provide technical fixes to P.L. 117-333 to ensure access to the types of vehicle adaptations needed for veterans with catastrophic disabilities. PVA is a strong supporter of this legislation and urges its swift passage.

H.R. 1423, the Guard and Reserve GI Bill Parity Act of 2025

PVA supports the Guard and Reserve GI Bill Parity Act of 2025. Today, serving in the military looks a lot different than it did 20 or 30 years ago. Our guard and reserve uniformed services are being called up to serve more frequently; however, they are often locked out of the GI Bill due to limited time on Title 10 orders. This legislation would allow those serving in the Reserve Components to count their drill time, annual training, military training schools, and State level orders toward their Post-9/11 GI Bill eligibility.

H.R. 1793, To amend title 38, USC, to provide for outreach requirements for Department of Veterans Affairs training and rehabilitation programs for veterans with service-connected disabilities, and for other purposes.

PVA supports the intent of this legislation, but recommends changes be made to the text to ensure it can be implemented as Congress intends. The general consensus is that the VR&E program is incredibly difficult to contact, even if a veteran is assigned a VRC. As the program's popularity grows, the active caseloads and administrative burdens have been increasing for VR&E counselors across the country. Ensuring staff within the Education Call Centers can answer complex questions about the VR&E program would be a great first step in assisting veterans as they search for answers to a myriad of questions. Training and additional resources would likely be needed to ensure VA's existing call centers can fill this role.

In the alternative, prior to the COVID pandemic, every Regional Office (RO) had a prompt on the 1-800 menu which allowed veterans to connect directly to VR&E staff within the RO. VA could return to this policy which would help veterans to more easily connect to their counselors.

Although the VR&E program is supposed to be more than counseling, nothing in statute says that VRCs, or the VR&E program is required to engage in outreach. To be clear, we support codifying engagement and outreach activities for the VR&E program, but we believe the language within this draft bill falls short. Over the years, the VR&E program has proactively conducted outreach to assist veterans, with much of this being done by counselors, support staff, and other VA staff familiar with the program. The narrow and prescriptive language within this draft bill would only increase the work expected by a VRC. Additionally, requiring each VRC to hold monthly meetings with school certifying officials (SCO) would further reduce the time available to spend with veteran clients. Finally, the phrase "providing counseling," limits the types of staff that could potentially hold these information sessions. By removing the word "counseling" from the legislation, other support staff from the VR&E program could offer informational sessions to interested veterans.

Understanding the intent of this legislation, we foresee another situation that may arise in the future that should be addressed. The VR&E program, when appropriately staffed and funded with sufficient resources, would likely hold more information sessions than set out in this legislation. In the outreach requirements paragraph, we recommend removal of "each employee," again removing the phrase "providing counseling," and replacing "monthly" with "quarterly." Veterans should not be receiving personal counseling in a public forum and most of the VR&E staff can answer questions on an informational call. We further believe that information sessions held for SCOs should be held by VR&E national program staff to ensure the stakeholders on the call are able to get answers from the experts. These should be virtual briefings and advertised well in advance to guarantee maximum engagement.

As it's currently written, the section in this bill addressing informational briefings expects VRCs to hold in-person briefings for every educational institution located within the geographic area of jurisdiction for each RO, and they are only allowed to offer virtual briefings to campuses located more than 150 miles away. Meanwhile, VA's website lists more than 3,700 approved schools and as of February 27, there are almost 183,000 active cases for approximately 1,000 VRCs. That is well outside of the recommended 1:125 ratio for counselors and clients. Veterans service organizations and VA have repeatedly expressed concern with the workload for VRCs. They already have limited time to engage with their veteran clients, so it seems unreasonable to expect them to add in person briefings for every school within a 150-mile radius. Again, because the draft specifically assigns this task to a counselor, only a VRC can provide such a briefing, even if other VR&E staff might have the bandwidth and knowledge to offer informational briefings.

PVA would be happy to work with the subcommittee to resolve each of the identified concerns so this bill can reach its full potential.

H.R. 1458, the Veterans Education and Technical Skills (VETS) Opportunity Act of 2025

The Veterans Education and Technical Skills (VETS) Opportunity Act of 2025 would change language related to independent study courses as per 38 U.S.C. § 3680A, “Disapproval of enrollment in certain courses,” by adding language that a program must “require regular and substantive interaction between students and instructors.”

PVA supports this legislation, and we believe this change would help protect veterans from predatory schools and empower the VA to disapprove programs that serve no benefit to veterans. It provides VA with additional causes for disapproval, particularly when courses are found to be nothing more than a series of videos or other delivery means without any instructor engagement. This could be particularly important for SCI/D veterans who may only be able to access schools virtually but who deserve the same opportunities and access to quality education as veterans who can attend in person. Increased oversight would be required to ensure schools are adhering to the law.

Discussion Draft, to modify the conditions under which the Secretary of Veterans Affairs is required to redevelop the individualized vocational rehabilitation plan for a veteran

PVA agrees that veterans should not languish in the VR&E program, but we have concerns that the bill as written will do little to address that issue. As drafted, the language states a change in employment handicap could make rehabilitation more likely. This would open the door to additional requests for changes in the veteran’s vocational rehabilitation plan. PVA would suggest that any changes in the vocational goal be based on the veteran’s service-connected disability, a finding by the VRC that the initial occupational goal is no longer suitable based on the veteran’s employment handicap, or changes in the labor market which make it difficult for veterans to complete the essential job functions of their employment. PVA would recommend removing “or” at the end of (2)(A)(i) and replacing it with “and” before (ii).

Discussion Draft, the End Veteran Homelessness Act of 2025

PVA supports the End Veteran Homelessness Act of 2025, which offers additional tools to help reduce veteran homelessness. In partnership with the Department of Housing and Urban Development (HUD), the VA Supportive Housing (VASH) program offers rental assistance grants through the HUD-VASH Program. Section two of the draft bill allows for VA caseworkers to prioritize case management for vulnerable homeless veterans, including those who have disabilities like chronic mental illness, chronic substance use disorder, or chronic physical disabilities. It also allows a veteran who is experiencing homelessness to receive a voucher if they do not require case management. Not all veterans experiencing homelessness require case management and this change will lead to increased voucher utilization in areas with excess unclaimed vouchers, helping to reduce the number of at-risk veterans, particularly those who may have been formerly incarcerated. Currently, if an incarcerated veteran is released, they must become homeless in order to receive a HUD-VASH voucher, which seems like an unnecessary risk for already at-risk veterans. Existing data suggests that this change would lead to a decrease in veteran recidivism rates.

This draft legislation would also authorize payment of administrative fees to the public housing agencies (PHA) who administer vouchers locally. This would authorize appropriations, determined by Congress, for necessary administrative fee payments to PHAs for costs associated with administering the voucher program and other costs, such as security deposits.

Finally, the bill requires the Government Accountability Office to submit a report on veterans served by the HUD-VASH program. This requirement would increase transparency of the program and the veterans served by it.

Discussion Draft, to require the Secretary of Veterans Affairs to provide guidance to applicants for grants and comprehensive service program for homeless veterans.

Currently, all grants available for comprehensive service programs for homeless veterans are required to be published in the Federal Register, but searching for them can be a tedious effort. PVA supports this bill which requires VA to maintain a single website that provides relevant and up to date information related to grants for stakeholders who are supporting homeless veterans. Historically, VA has provided information sessions for Grant and Per Diem recipients which helps them understand changes in the programs. This information is available on the VA website, but that site needs to be updated, modernized, and maintained to meet the needs of providers.

Discussion Draft, the Fair Access to Co-ops for Veterans Act of 2025

The housing market has undergone major changes in recent years and affordable housing across the country is becoming harder to find, particularly for many Post-9/11 veterans. Co-ops are increasing across the country, and they provide an important alternative to traditional single-family homes. Co-ops are often cheaper, especially in larger metropolitan areas around the country. Allowing the VA home loan to be used to purchase co-ops would help many veterans find suitable and permanent housing that meets their needs.

H.R. 1814, to provide for limitations on the authority of the Secretary of Veterans Affairs to purchase certain loans guaranteed by the Department of Veterans Affairs to avoid default.

In the aftermath of the COVID pandemic and VA's termination of the Partial Claim Payment (PCP) program, many veterans fell behind on their mortgages and are still struggling to catch up. The VA home loan lacks protections available in other federally backed mortgage products and thousands of these veterans have been enrolled in the Veteran Affairs Servicing Purchase (VASP) program to help them avoid foreclosure. This draft legislation would cap the amount of loans that could be approved by the VASP program in the future. While PVA is not opposed to capping the number of future homeowners able to access this program, we do have some questions about the effect of the legislation. Specifically, the legislation references 250 loans per fiscal year. Would this be 250 new loans annually or would only 250 total loans be in the program at any one time? We believe additional clarity is necessary so we can avoid jeopardizing veterans currently benefiting from the program.

Discussion Draft, to ensure that the Secretary of Veterans Affairs repays members of the Armed Forces for certain contributions made by such members toward Post-9/11 Educational Assistance

Many servicemembers paid into the Montgomery GI Bill by agreeing to have \$100 withheld from their pay during the first 12 months of their service. This draft legislation would authorize a student veteran using the Post-9/11 GI Bill to receive an additional \$1,200 to their final GI Bill payment as a means of repayment since they did not elect to utilize the Montgomery GI Bill. PVA supports this legislation, but we have questions about the effect of last year's Supreme Court decision in the case of *Rudisill v. McDonough*. Specifically, if student veterans receive additional education under this ruling due to the forfeiture of their Montgomery GI Bill, would they be eligible for this repayment option? This committee should work with the VA to determine how the *Rudisill* decision may or may not impact this legislation.

PVA would once again like to thank the subcommittee for the opportunity to present our views on some of the bills being considered today. We look forward to working with you on this legislation and would be happy to take any questions.

Information Required by Rule XI 2(g) of the House of Representatives

Pursuant to Rule XI 2(g) of the House of Representatives, the following information is provided regarding Federal grants and contracts.

Fiscal Year 2025

Department of Veterans Affairs, Office of National Veterans Sports Programs & Special Events—Grant to support rehabilitation sports activities—\$502,000.

Fiscal Year 2023

Department of Veterans Affairs, Office of National Veterans Sports Programs & Special Events—Grant to support rehabilitation sports activities—\$479,000.

Fiscal Year 2022

Department of Veterans Affairs, Office of National Veterans Sports Programs & Special Events—Grant to support rehabilitation sports activities—\$ 437,745.

Disclosure of Foreign Payments

Paralyzed Veterans of America is largely supported by donations from the general public. However, in some very rare cases we receive direct donations from foreign nationals. In addition, we receive funding from corporations and foundations which in some cases are U.S. subsidiaries of non-U.S. companies.

Prepared Statement of Elizabeth Balce

Chairman Van Orden, Ranking Member Pappas, and members of the Subcommittee, thank you for the opportunity to testify today on behalf of the Mortgage Bankers Association (“MBA”).¹ My name is Elizabeth Balce, and I am the Executive Vice President of Servicing at Carrington Mortgage Services.

I am appearing here today in my capacity as a member of MBA and a member of its Veterans’ Affairs (VA) Home Loan Working Group. I am here, presenting MBA’s views, which do not necessarily reflect those of Carrington Mortgage in every instance. As a lender with extensive experience in originating, securitizing, and servicing VA Home Loan Program mortgages, I am honored to testify before this panel.

MBA appreciates the Subcommittee’s commitment to preserving and strengthening the VA Home Loan Program – ensuring it remains an effective, accessible choice for our Nation’s heroes. As such, MBA believes the program must continue to offer strong loss mitigation options comparable to those available via other Federal housing programs. MBA also wishes to reaffirm our industry’s strongly held belief that the VA funding fee should not be used as a budgetary offset for policy-related needs unrelated to the Home Loan Program.

MBA continues to support the need to establish a permanent partial claim program, which is a proven foreclosure prevention tool that aligns VA loss mitigation options with FHA and housing Government Sponsored Enterprise (GSE) programs. Partial claims help borrowers facing temporary financial hardship by allowing them to move missed payments to the end of their loan term, ensuring stability without requiring immediate repayment. The partial claim funds are eventually repaid, either at the sale of the home or the conclusion of the mortgage term. Unlike almost every widely utilized mortgage product, the VA Home Loan Program currently lacks this critical tool to help borrowers avoid foreclosures.

MBA values its relationship with members of this subcommittee (and full committee) – and the House Veterans’ Affairs Committee staff (on both sides of the aisle) – and appreciates the opportunity to work collaboratively with you to augment and improve the VA’s loss mitigation and partial claim policies. Our association is grateful for the progress that has been made through these discussions to date, and we are pleased to offer recommendations today to further strengthen the proposed legislation that has been noticed for this hearing. It is important to recognize that the VA may require additional resources appropriated by the Congress to successfully implement the program improvements being proposed. MBA is committed to working with this Subcommittee, the full Committee, the full House and Senate, the VA, and other key stakeholders to develop bipartisan, practical solutions that uphold the integrity of the VA Home Loan Program. We look forward to playing a constructive role in these ongoing discussions.

As noted in prior MBA testimony before this panel, MBA member firms that originate and service VA loans continue to maintain a strong relationship with the agency. The VA Home Loan Program continues to be among the most significant benefits earned for Veterans and their families through our heroes’ service to, and sacrifice on behalf of, our Nation. Accordingly, I am pleased to offer recommendations aimed at improving the proposed legislation noticed for this hearing.

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 275,000 people in virtually every community in the country. Headquartered in Washington, DC, the association works to ensure the continued strength of the Nation’s residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA’s website: www.mba.org.

The VA Home Loan Program Reform Act (H.R. 1815)

Though MBA believes the VA already has the existing statutory authority to implement a partial claim program, our association supports legislation that explicitly establishes a permanent partial claim program for the VA Home Loan Program. A partial claim is a straightforward and effective solution to help prevent foreclosures and is already available to borrowers that utilize other Federal housing programs. This option allows borrowers who have overcome a financial hardship to move their missed payments to the end of the loan term after a period of forbearance through a secured second lien payable to the VA. Veterans can stay in their homes with a partial claim while the VA and taxpayers remain protected due to the eventual repayment of the partial claim when a veteran sells or refinances. By using this tool, borrowers can resume their regular monthly mortgage payments or seek a modification for a more affordable payment plan.

Despite the introduction of the VA's Veterans Affairs Servicing Purchase (VASP) program to address today's high-interest rate environment relative to prior years, MBA believes Veteran homeowners facing temporary financial hardship deserve access to a partial claim option to reinstate their loan and remain in their homes. Veterans deserve a loan program with the same options and protections as other government-backed loan programs.

Access to both solutions—partial claim and VASP—will offer Veteran homeowners a more comprehensive set of loss mitigation options, ensuring homeownership remains stable and affordable during financial difficulties or periods of interest rate fluctuation.

MBA appreciates the bill's recognition of the need for a partial claim but is concerned that certain provisions may have unintended negative consequences for Veteran homeowners, the VA, and mortgage servicers. Therefore, our association suggests the following improvements to the bill in priority order are:

1. Clarify that a partial claim shall not diminish the amount of a loan guaranty to the lender. Section 3 should specify that a partial claim is not a claim against the guaranty of the *existing* loan. As drafted, the bill states that a partial claim will not affect the guaranty of a *new* loan. If enacted in this form, the bill would create confusion and increase the risks to the VA program associated with the application of the guaranty. MBA strongly supports the need to amend Section 3 of the bill for the following reasons:

- The loan guaranty is a fundamental statutory protection that mitigates default risk for lenders at loan termination and insures up to a maximum of 25 percent of the loan balance, while the balance of 75 percent is borne by the lender. The bill, as drafted, defines a partial claim as a purchase of a portion of the indebtedness to resolve a default, in line with VA's existing purchase authority. However, paying the guaranty portion before loan termination – that is, attributing a 20 percent partial claim to the 25 percent guarantee to the lender – could negatively impact credit losses for lenders and servicers, thereby increasing the cost to service, constraining affordability for borrowers, and make the VA program less attractive for lenders to participate in. In this case, an initial partial claim paid against the VA guaranty would leave little to no guaranty to the lender to cover future losses in the event a borrower redefaults.
- Additionally, by reducing the guarantee coverage of a VA loan, a claim against the loan guaranty will also render a loan ineligible for Ginnie Mae pooling in strict violation of Ginnie Mae's Mortgage-Backed Securities (MBS) guide.² Without clarity that a partial claim will not diminish a loan's full VA guarantee of 25 percent, the lender would be required to repurchase assets from the MBS and hold the loan in their portfolios without an ability to redeliver loans back into a Ginnie Mae security in the future. Independent mortgage banks, which originate 80 percent of VA loans, do not have large balance sheets to hold portfolios of whole loans, and could exit the VA program.

Together, these risks will ultimately limit Veterans' access to affordable financing. Therefore, MBA recommends that the bill affirmatively state that the guar-

² Ginnie Mae 5500.3, Rev. 1, Chapter 24: For a VA-guaranteed loan to be eligible for pooling, the following additional requirements apply: The amount of cash down payment and/or equity, plus the amount of available VA guaranty must equal at least 25 percent of (i) the purchase price of the property or (ii) the Certificate of Reasonable Value (CRV), whichever is less. The guaranty fee charged by VA must not be included in this calculation.

anty cannot be used to fund a partial claim and, instead, that it constitutes a direct purchase of a portion of the indebtedness.

2. Remove the requirement that Veterans repay partial claims with interest. The bill currently requires Veterans to begin repaying their partial claim within 3 years to maintain a 0 percent interest rate, with a 0.5 percent interest applied if repayment does not begin within that timeframe. MBA urges alignment of the VA partial claim with the partial claims allowed by FHA and Fannie Mae and Freddie Mac (two of the housing GSEs), structuring partial claims as non-interest-bearing junior liens repaid only upon refinance, sale, or loan maturity. These changes may be motivated by a desire to generate revenue from a partial claim through interest income, but the VA will recoup the initial outlay in most cases without such an anomalous feature.³ Because repayment terms – including minimum payment requirements – remain undefined, this provision is not in the best interest of Veteran borrowers and introduces unnecessary risk. By definition, a repayment plan requires a borrower to pay more than their contractual payment, which challenges a borrower's ability to sustainably afford their mortgage.⁴

Additionally, creating a repayment plan raises complications regarding the treatment of the otherwise performing first lien mortgage if the borrower becomes delinquent on the repayment plan. The VA would also need to fund and manage a complex payment processing operation to collect interest payments on partial claims, which could significantly reduce the revenue generated under this approach. To avoid these issues, MBA recommends defining a partial claim as a subordinate, non-interest-bearing junior lien that does not require repayment during the mortgage term, similar to FHA's partial claim or the GSEs' payment deferral.

3. Tie the termination of the partial claim to a period after enactment of the bill. As proposed, the bill sunsets the partial claim program on a specific date, September 30, 2027. Even if the bill were enacted, a sunset date after less than 2 years limits the utility of a partial claim program to Veterans currently in default. Instead, more time is appropriate to allow distressed Veterans to maximize the partial claim program. MBA recommends the bill sunset the partial claim program five (5) years after enactment.

4. Increase the available amount of partial claim to 30 percent of the unpaid principal balance. As stated, MBA supports ensuring parity with other Federal loss mitigation programs to provide maximum protections to Veterans borrowers while creating a consistent loss mitigation review experience. Capping protections at 20 percent undermines this goal.

5. Allow multiple partial claims for borrowers impacted by a natural disaster. Currently, the VA can make only one partial claim per loan under the bill, which could inhibit borrowers affected by a natural disaster from receiving assistance quickly to provide borrowers with the space to pursue repairs to the affected property. Borrowers who previously received a partial claim should not be barred from future assistance if funds remain available. Therefore, MBA recommends providing an exception for borrowers that have been impacted by a natural disaster.

6. Require notice and comment to implement partial claim regulations. The bill permits the VA to issue administrative guidance to implement a partial claim for borrowers currently in default without following the regulatory process outlined in the Administrative Procedures Act. While the intention to assist Veterans quickly is commendable, transparency is required in the policy development process. Mortgage servicers should be provided the opportunity to opine on the operational impact of the new rules to their daily processes. Therefore, MBA suggests the VA propose renewed regulations within 180 days of enactment.

MBA appreciates your consideration of the recommendations for improvement to the bill outlined here. Our association – and its members that originate, service, and securitize VA Home Loan Program mortgages – look forward to continuing to work

³The average life of a mortgage loan is under 7 years, which will fluctuate with market interest rates.

⁴An interest penalty – while nominal—also creates the risk of negative amortization creating a greater financial burden to the Veteran than underlying delinquency itself.

with members of this subcommittee (and full committee), the VA, and other key stakeholders on the *VA Home Loan Reform Act*.

Restoring the VA Home Loan Program in Perpetuity Act (H.R. 1814)

MBA strongly opposes H.R. 1814, which imposes an arbitrary cap on the number of loans the Veterans Affairs Servicing Purchase (VASP) program can acquire and mandates a study on selling these loans to non-government entities. This legislation, as proposed, undermines critical foreclosure prevention efforts for Veteran borrowers and limits VA's ability to effectively manage its loan portfolio.

Capping VASP loan purchases at 250 per Fiscal Year will render the program ineffective. The VA Home Loan Program serves a large and diverse population of Veteran homeowners, some of whom face financial hardship due to economic downturns, service-related disabilities, or unexpected life events. Given current delinquency rates, this cap is far too low to provide meaningful relief to the expected population of struggling borrowers. Instead of ensuring Veterans can remain in their homes, this bill, if enacted, would force the VA to deny assistance to many Veterans who would otherwise qualify for relief under the current guidelines.

As this Committee knows, mortgage servicers have worked diligently with the VA to help Veteran homeowners navigate rising interest rates since March 2024. Through VASP, and following the expiration of the voluntary foreclosure moratorium, mortgage servicers have provided relief to thousands of distressed Veterans through the VASP program. VA should continue working with their industry partners to ensure that performing borrowers whose loans have already been purchased by VA can successfully transfer to the VA's contractor. Any disruption to those efforts will undermine assistance to the very Veterans the VA and servicers are committed to protecting.

Rather than restricting VA's authority, MBA believes that Congress should prioritize strengthening the agency's set of foreclosure prevention tools. A more constructive approach (in keeping with our prior comments) would be to establish a permanent partial claim program, which is a more effective and widely used foreclosure prevention tool available in other Federal loan programs, ensuring that VASP or similarly structured programs would be tools of last resort.

Fair Access to Co-ops for Veterans Act (H.R. 1803)

MBA appreciates the intent of H.R. 1803, which seeks to expand homeownership opportunities for Veterans by permanently authorizing VA-backed cooperative (co-op) loans. Ensuring Veterans have access to a broad range of housing options is an important goal, and our association's members recognize that co-ops are a viable homeownership model in many markets. The bill's removal of the outdated \$144,000 loan cap is a necessary improvement that will help make this benefit more widely utilized.

However, MBA remains concerned about several key provisions that could limit lender participation and borrower access. The bill imposes an additional 3.25 percent funding fee on VA-backed co-op loans, significantly increasing costs for Veterans. MBA urges the subcommittee to reconsider this fee, as it could discourage use of the program and make co-op loans less competitive.

Unlike traditional VA loans, co-ops do not provide direct title ownership in real estate. The bill does not resolve how VA will handle foreclosures, co-op project failures, or competing liens that may take priority over a Veteran's interest. MBA recommends further statutory clarity to ensure both borrowers and lenders are protected. This bill also does not address whether Ginnie Mae will securitize VA-backed co-op loans, which would impact lender participation. Without this clarity, the law's enactment may fail to provide meaningful benefits.

While MBA does not oppose expanding co-op eligibility for Veterans, our members would encourage Congress to refine the bill as it moves forward to address these outstanding concerns. Our members appreciate the opportunity to provide input on this proposed legislation.

Other Potential Policy Options

VA Funding Fees

MBA remains concerned about the repeated use of VA home loan funding fee increases to pay for non-housing related Veterans' benefits. As Congress considers several wide-ranging pieces of legislation that would expand or alter Veteran benefits across a range of programs, I want to make clear that MBA opposes legislation that increases or extends VA funding fees to offset the costs associated with new and/or unrelated expenditures.

Simply stated, these funding fee increases and extensions are not tied to the actual credit risks of Veteran homebuyers. If that were the case, the actual funding fee would be a fraction of where it currently sits today, meaning that far more Veterans would be able to qualify to purchase a home. As a result of prior funding fee hikes for unrelated non-housing benefits, many Veterans cannot afford homeownership today. Those who can access the benefit today are paying far more – in the midst of a housing affordability crisis – to help subsidize other Federal programs.

MBA feels strongly that these continued increases and extensions of previous increases severely threaten the VA home loan program. While any individual funding fee increase may be small, the cumulative impact of the many hikes and extensions over the past decade is worrisome and significant. Our members recognize that in many instances the funds diverted from the home loan program fund worthy and important initiatives, but firmly believe that Congress should fund that work separately rather than diminish the strength of the home loan program to achieve those ends.

MBA urges Congress to work with the Trump administration to ensure that VA funding fees are set at levels commensurate with the default risks associated with VA-guaranteed home lending. Congress should conduct appropriate oversight and analysis of past funding fee increases before simply defaulting to the practice of levying further increases or extensions.

NAR Litigation Settlement Impacts on VA Borrowers

The National Association of Realtors® (NAR) entered an agreement to settle numerous class action lawsuits alleging violations of antitrust law. The terms of NAR's settlement agreement that were implemented last August and approved by the court in November included industry practice changes that impacted the setting and payment of buyer-agent commissions. In some transactions, sellers may choose not to pay buyer broker compensation – particularly if competing buyers are offering to cover the cost themselves. As the implementation date approached, the VA temporarily lifted its longstanding policy that prohibited Veterans from paying fees or commissions to real estate agents or brokers in relation to a VA home loan.

Without the ability to potentially match competing offers that cover buyer agent commissions, Veteran borrowers faced a significant disadvantage. MBA appreciates VA's temporary measure addressing this prohibition. Accordingly, our association urges the VA to permanently amend its regulations as written in its temporary suspension to allow Veteran borrowers to pay reasonable and customary fees and commissions to retain agents that will represent their interests in the transaction.

Drafting Table

As we have noted in prior testimony before this Subcommittee, MBA encourages Congress to ensure the VA has the necessary resources to implement a permanent public input process for developing new lending and servicing policies before implementation is required. Creating a "Drafting Table" similar to FHA's for interested stakeholders would enable the VA to gather thoughtful comments on the impact of policy changes on lenders' and servicers' operations before implementation and enforcement. Enhancing transparency and collaboration in policy development will help ensure that VA's mission is achieved, leading to a more efficient mortgage program and improved outcomes for Veterans.

* * *

Conclusion

Once again, MBA appreciates the opportunity to comment on the many critical issues that impact the VA Home Loan Program, including the specific legislation noticed for this hearing today. Our association and its members value our partnership with Congress and the VA on these issues – and continue to embrace our shared mission of helping Veterans utilize their hard-earned benefit to achieve homeownership.

Our association looks forward to continuing to work with the members of this Subcommittee – and the full Committee – to help forge practical solutions such as the legislation to establish a permanent partial claim option to help distressed VA borrowers. MBA also looks forward to working with Congress to help provide the VA with the resources necessary to implement changes and improve the delivery of the Home Loan Program benefit to our Nation's heroes.

I look forward to answering any questions you may have.

Prepared Statement of Tobias Peter



Statement before the House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Legislative Hearing

VA Loan Servicing at a Crossroads

Tobias Peter

Co-Director, Housing Center
Senior Fellow
American Enterprise Institute

March 11, 2025

Revised March 13, 2025

The American Enterprise Institute (AEI) is a nonpartisan, nonprofit, 501(c)(3) educational organization and does not take institutional positions on any issues. The views expressed in this testimony are those of the author.

Chairman Van Orden and Ranking Member Pappas, and distinguished Members of the Subcommittee, thank you for the opportunity to testify today.

The VA Loan Program: Managing Mortgage Risk and Policy Considerations

The VA loan program has consistently outperformed other government-backed mortgage programs—including FHA, Fannie Mae, and Freddie Mac—in managing mortgage risk.

- During the aftermath of the Great Financial Crisis, VA loans recorded default rates:
 - Nearly 50% lower than FHA loans, despite serving borrowers with comparable risk profiles.
 - Nearly 45% lower than Fannie Mae and Freddie Mac’s loans when adjusted for differences in risk profiles.
- Even in recent years, under less stressful market conditions, the VA’s serious delinquency rates have remained about half the level of those of FHA, despite serving borrowers with comparable risk profiles. (See Appendix 1 for more details.)

While the precise reasons for this disparity are complex, several factors likely contribute:

- More prudent underwriting standards, particularly the VA’s residual income requirement, which ensure borrowers have sufficient income after expenses.
- The VA’s appraisal process, including its Tidewater Initiative, is veteran-focused and promotes more accurate appraisals, while reducing the risk of inflated valuations.
- The military background of VA borrowers, which may correlate with greater financial discipline and stability.
- Unlike the FHA, which insures 100% of the loan amount, the VA guaranty has a stop loss of 25% of the loan amount. This aligns the private servicer’s loss mitigation interests with those of the VA and the veteran.

VA Loan Servicing at a Crossroads

Despite these strengths, VA loan servicing faces significant challenges. While no one wants to see foreclosures, especially among veterans, it is essential to recognize that a housing finance system without the possibility of foreclosure is inherently unsustainable—much like “religion without hell.” Without accountability, the system risks morphing into an entitlement program, distorting market incentives and ultimately undermining long-term stability for both veterans and taxpayers.

Moreover, history has shown that government programs often begin with a limited scope, only to expand beyond recognition and sustainability due to constant program expansion—the federal student loan program being a prime example.

Expanded loss mitigation programs carry significant risks:

- Short-term reductions in delinquency and default rates may be illusory, as borrowers may continue struggling even after intervention.
- Encourages riskier lending practices, with [some](#) already advocating for more generous loan terms despite high default risks.

- This is particularly concerning, given that 54% of VA first-time borrowers have less than [one months' of reserves](#) (assets remaining after deducting closing costs, gifts, and down payments), leaving them financially vulnerable in the event of unexpected hardships.
- Increases housing demand without addressing supply constraints, further inflating home prices.
- Places taxpayers at greater risk, as federal backing means losses are ultimately borne by the public.

Recent Biden administration initiatives reflect a trend toward socializing mortgage finance. I commend this committee's leadership for seeking to reverse some of these concerning developments.

Concerns with the VA Servicing Purchase (VASP) Program

The VASP program could set a negative precedent for direct lending by the VA, potentially reshaping the entire veteran housing finance system—at the expense of veterans, taxpayers, and private servicers.

The VA is apparently using its statutory authority to adopt a more interventionist approach to foreclosure prevention. As my AEI colleague Philip Wallach recently [testified](#), this approach amounts to an "extraordinarily generous form of relief," potentially tempting borrowers holding mortgages with 7–8% interest rates to undertake strategic default. The program's protections against such default, however, appear insufficient, creating moral hazard.

This represents a philosophical shift from the VA's traditional role of guaranteeing private loans in Ginnie Mae securities to directly managing veteran mortgages—a step toward socialized lending with potentially unintended consequences, including:

- Potentially disrupting the current alignment among private servicers, the VA, and veterans in managing loss mitigation efforts. If this were to happen, default rates within the VA program—particularly under financial stress—could begin to mirror those of FHA, Fannie Mae, and Freddie Mac, undermining the program's historically stronger performance.
- Increased taxpayer exposure in the event of widespread defaults, as the VASP program merely defers financial risk rather than addressing its root causes. By kicking the can down the road, VASP could amplify long-term losses, creating a greater financial burden on taxpayers in the future.
- Higher taxpayer costs, as lowering the interest rate to 2.5% on a VASP loan can be extremely expensive. To my knowledge, the VA has not disclosed the per-loan cost of this rate reduction, making the total financial impact unclear.
- Looser lending standards, increasing overall mortgage risk and the likelihood of defaults.
- Increased risk of political interference, leading to expanding benefits and growing financial liabilities over time.
- Servicers potentially exiting the market due to diminished roles and crowding out of traditional lenders, which could reduce competition and limit financing options for veterans, ultimately leaving them with fewer choices and less flexibility in the mortgage market.
- Potentially disadvantaging veterans over time as the VA assumes the role of direct lender and servicer, despite lacking the expertise required for large-scale loan management.

The parallels between VASP and the federal student loan program are clear:

- The 2010 Student Aid and Fiscal Responsibility Act made the government the sole student loan lender through the Direct Loan Program, thereby eliminating private underwriting.
- Unrestricted borrowing fueled tuition inflation and rising defaults.
- Income-driven repayment shifted costs to taxpayers, with forgiveness after 10–25 years.
- Moral hazard increased as borrowers expected partial or full loan forgiveness.

Just as the student loan program evolved into an unsustainable entitlement, VASP marks the first step down a similar path, eroding private-sector discipline in favor of costly, taxpayer-funded federal intervention.

Given that the VA intends this program to serve “[more than 40,000 Veterans](#)” and that it likely is already well underway, I commend the committee’s leadership for its efforts to limit its scope by:

- Capping VA loan purchases at 250 per fiscal year, and
- Mandating the VA to study within 180 days the sale of acquired VASP loans to the private sector, where they can be managed more efficiently.

Furthermore, it is likely a vast overstatement to claim that all borrowers currently seriously delinquent on their VA loans will inevitably lose their homes to foreclosure if the VASP program is curtailed.

Today, loan workouts are still available but much harder to achieve given today’s higher mortgage rates. Yet there’s a simpler, common-sense option for many struggling borrowers: selling the home. My analysis of servicer data shows that out of approximately 80,000 seriously delinquent VA loans, about 84% of borrowers would hold positive equity after selling their homes — even after accounting for arrearages and transaction costs (see table).¹ This reflects the fact that most veterans purchased their homes years ago and have benefited significantly from rapid home price appreciation during the pandemic, along with steady principal paydown through amortization. Among those with positive equity, the average amount is \$128,000, with a median of \$97,000. But instead of encouraging sales that would preserve veterans’ dignity — as was traditionally the case — the VASP program fosters government dependency while shifting the risk and losses onto taxpayers.

To be clear, 16% of seriously delinquent borrowers — roughly 13,000 veterans — would still face negative equity if forced to sell, with an average shortfall of \$19,000 and a median of \$14,000. But this is primarily due to transaction costs — costs that are part of the risk and responsibility that come with homeownership, willingly accepted at the time of purchase. They are also far less behind on their payments and they also have the most to gain from the VASP’s 2.5% mortgage rate as their rates are on average over 6%.

¹ The current equity position is calculated as the difference between the estimated current home value and the unpaid principal balance. We estimate the current home value by adjusting the original loan amount and loan-to-value (LTV) ratio using ZIP-level changes from the FHFA Home Price Index. From this, we subtract all missed interest payments — inferred from the loan term, note rate, loan age, and original loan amount — as well as assumed transaction costs equal to 7% of the current home value. The data exclude any equity that a borrower may have extracted previously through a home equity loan or a HELOC.

Table: Estimated equity distribution of VA seriously delinquent borrowers if they sold their homes

Percentile	Total Equity	Minus Arrears	Minus Transaction Cost
5%	10,691	1,440	(21,427)
10%	19,768	10,361	(10,569)
25%	49,055	40,451	18,437
50%	108,684	99,943	76,949
75%	188,216	177,970	148,474
90%	290,406	279,545	241,389
95%	374,002	360,982	316,996
Mean	141,408	131,493	103,865
# Obs.	58,062	58,062	58,062
% Positive Equity	99%	96%	84%

Note: Data are for purchase and refinance loans and are as of Dec. 2024. The current equity position is calculated as the difference between the estimated current home value and the unpaid principal balance. We estimate the current home value by adjusting the original loan amount and loan-to-value (LTV) ratio using ZIP-level changes from the FHFA Home Price Index. From this, we subtract all missed interest payments — inferred from the loan term, note rate, loan age, and original loan amount — as well as assumed transaction costs equal to 7% of the current home value.

Source: ICE McDash and AEI Housing Center.

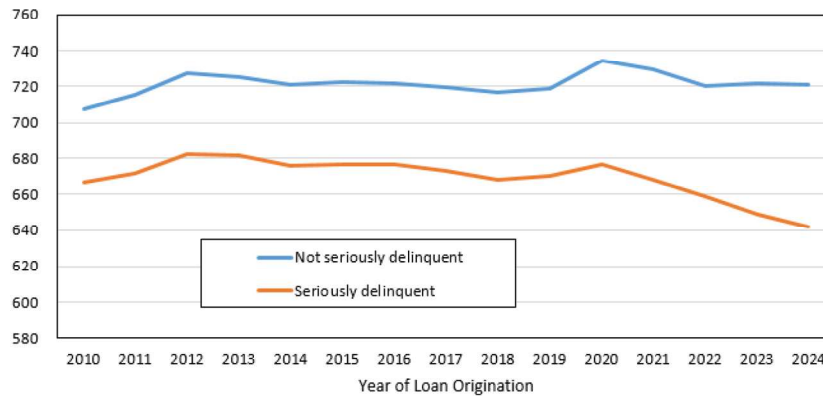
My analysis also compares the loan characteristics of the roughly 80,000 currently seriously delinquent VA borrowers to the broader VA loan portfolio. The data show a clear pattern: Seriously delinquent borrowers had significantly lower credit scores at origination — about 51 points lower on average, with an average score of 673 — than those of borrowers who remain current, who have an average score of 723.² The problem of borrowers with lower credit scores becoming seriously delinquent seems to have become significantly worse since 2020 (see chart).³

This points to a deeper problem — not simply borrower hardship, but a failure of too loose government underwriting standards that should be addressed at the front end, rather than through costly government programs after the fact. (See Appendix 1 for more details, which provides periodic tables of actual defaults under severe stress for various combinations of credit score, LTV, and DTI buckets at loan origination. For reference, the loans that are serious delinquent and were originated in 2022-2024 have an expected default rate of 22.5% under severe stress, while the ones that are not seriously delinquent have an expected default rate of 9.3% -- or about 2.5 times lower.)

² The analysis controls for loan purpose and year of origination. The seriously delinquent borrowers also have about 2.4 ppts higher debt-to-income (DTI) ratios at origination than those that are not seriously delinquent, but DTIs are only reported in about 20% of loans.

³ Some of this effect may also be due to selection bias as seriously delinquent borrowers may have exited the VA loan book through foreclosure or home sale over the years. But the point remains that lower credit scores are a significant contributor to serious delinquency.

Average Credit Score at Origination:
VA Purchase and Refinance Loan Book by Serious Delinquency Status



Evaluating the VA Home Loan Program Reform Act

The proposed loss mitigation options offer a more structured and balanced approach compared to the VASP program, but they come with significant drawbacks:

- Establishes a waterfall for servicers, with partial claims as last resort.
 - However, it could create incentives for servicers to bypass traditional loss mitigation tools (e.g., servicer forbearance, repayment plans, loan modifications) and move directly to partial claims since they bear no financial risk leaving taxpayers on the hook.
 - It also front-loads partial claims against the 25% stop loss, potentially disadvantaging veterans in the long run. If a veteran exhausts their entitlement early, they could have fewer loss mitigation options available 5, 10, or 15 years down the road, leaving them more vulnerable in future financial hardships.
 - It is crucial to remember that the VA's 25% stop-loss provision has historically protected the program under financial stress, ensuring long-term sustainability.
- The inclusion of a sunset provision for the Partial Claim option in September 2027 is a notable strength, as it effectively limits taxpayer exposure when compared to the VASP program. The one-claim-per-loan limit further curbs long-term liability.
 - However, there is no overall cap on the Partial Claim program, which could lead to moral hazard, encouraging some borrowers to take advantage of 0% loans and live payment-free for extended periods (especially if they restart payments within three years).
- Requiring reporting to Congress is a positive step toward oversight and evaluation.

- However, reporting should be ongoing, publicly accessible, and include all costs, in order to allow policymakers, researchers, and taxpayers to assess the program's effectiveness in time.

While VA Home Loan Program Reform Act is a clear improvement over the VASP program, it should not be considered as a long-term solution. Ultimately, a well-designed loss mitigation strategy should balance borrower relief with fiscal responsibility, preventing unnecessary taxpayer exposure.

Proponents argue that forbearance and partial claim programs were successful during the pandemic, but the pandemic was not a true stress test because:

- Double-digit home price appreciation (HPA) artificially protected borrowers from foreclosure risk, which allowed borrowers to easily sell their homes.
- Historically low unemployment rates minimized delinquency rates.
- Pre-pandemic trends (2017-2019) saw an average of [15,000 completed VA loan foreclosures](#) per year. Despite all loss mitigation efforts, 2023 still saw [10,000 completed foreclosures](#), proving that some defaults are inevitable and that expanded loss mitigation cannot eliminate risk.

A Better Path Forward: Sustainable Homeownership

The ultimate goal should be to provide every veteran a fair opportunity to succeed at homeownership without relying on government bailouts.

My research, analyzing 200,000 VA loans and 1,600,000 GSE loans originated in 2006–07 (just before the Global Financial Crisis, a true stress event), identifies several key factors that significantly reduce default risk:

- Shorter Loan Terms:
 - Loans with terms of 15–20 years reduced serious default rates by over 50%, particularly among borrowers with credit scores below 660.
- Multiple Borrowers:
 - Loans with two borrowers instead of one saw a 20–30% reduction in serious defaults, likely due to greater income stability and diversification within the household.
- Stable Housing Markets:
 - In areas where lending practices were more prudent, home prices remained stable and did not experience significant declines, default rates were about 50% lower for the typical VA borrower.
- Adequate Liquid Reserves:
 - Borrowers with sufficient liquid reserves demonstrated greater staying power, reducing defaults by several percentage points. Importantly, these findings are consistent with more recent loan data from 2013–2015, suggesting that these factors remain relevant predictors of loan performance across different market cycles.

The details of this analysis can be found in Appendix 1.

Conclusion: Balancing Sustainability with Accessibility

As this committee considers next steps, the choice is clear:

- Market-based solutions that promote sustainable homeownership, or

- A socialized housing finance system, with the long-term risks that entails.

While homeownership brings many societal and personal benefits, it must be sustainable—not forced. By focusing on responsible underwriting, prudent loan characteristics at origination, and borrower resilience, we can protect both veterans and taxpayers while ensuring a stable housing finance system for years to come.

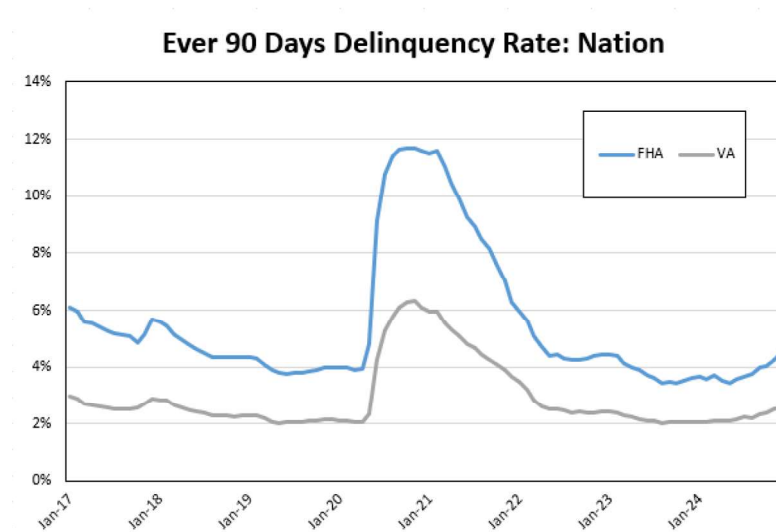
In Appendix 2, I also offer brief comments on the **Fair Access to Coops for Veterans Act of 2025**, which may not represent a significant expansion of housing supply accessible to most veterans.

APPENDIX 1:Periodic Tables of Mortgage Risk

The VA loan program has consistently outperformed other government-backed mortgage programs—including FHA, Fannie Mae, and Freddie Mac—in managing mortgage risk. The periodic tables show the actual default rates of fixed-rate, fully amortizing, fully documented first-lien home purchase mortgage loans secured by 1-4 unit properties that were originated in 2006-2007.

Note: Periodic tables are based on AEI Working Paper "A Quarter Century of Mortgage Risk" (2023). This paper was also published by the [Federal Housing Finance Agency \(FHFA\)](#) in collaboration with the American Enterprise Institute (AEI) Housing Center's Senior Adviser Steve Oliner (and AEI Adjunct Scholar Morris Davis).

See tables on following pages.

Serious Delinquency Rate

Note: Data are for purchase and refinance loans combined.

Source: McDash and AEI Housing Center, www.AEI.org/housing.

New Insights into Borrower Resiliency

See PowerPoint deck below.

Periodic Table of Housing Risk: VA Home Purchase Loans primary owner-occupied, 30-year fixed rate, fully amortizing, fully documented									
v. 4.19.23: Default rates based on AEI Working Paper "A Quarter Century of Mortgage Risk" (2023).* © 2023 AEI Housing Center, www.aei.org/housing.									
GREEN (low risk): <7% ORANGE (medium risk): 7 - <14% RED (high risk): >=14%		Cumulative Default Rates for Loans Originated in 2006 - 2007							
FICO Buckets	DTI Buckets	1 - 60 CLTV	61 - 70 CLTV	71 - 75 CLTV	76 - 80 CLTV	81 - 85 CLTV	86 - 90 CLTV	91 - 95 CLTV	>= 96 CLTV
>= 770	1 - 33	0.5%	0.9%	0.9%	1.0%	2.1%	0.9%	1.8%	3.6%
	34 - 38	1.1%	1.5%	1.6%	2.0%	2.1%	1.8%	1.2%	6.8%
	39 - 43	1.3%	1.9%	2.4%	2.4%	2.5%	2.9%	5.7%	4.0%
	44 - 50	2.2%	2.6%	2.6%	2.9%	3.4%	3.8%	1.8%	4.5%
	> 50	3.3%	3.9%	4.8%	5.6%	5.1%	6.0%	1.7%	7.4%
720 - 769	1 - 33	1.0%	1.9%	2.1%	2.3%	2.4%	3.1%	5.7%	6.4%
	34 - 38	1.9%	3.1%	3.7%	3.6%	3.9%	4.2%	4.2%	6.8%
	39 - 43	2.6%	3.9%	4.1%	4.3%	5.4%	4.4%	3.6%	7.5%
	44 - 50	4.2%	5.0%	6.0%	5.9%	6.0%	3.9%	2.9%	8.7%
	> 50	5.9%	7.2%	7.3%	10.1%	9.2%	12.2%		10.0%
690 - 719	1 - 33	2.5%	3.6%	4.1%	4.3%	4.3%		6.4%	9.6%
	34 - 38	4.6%	5.5%	5.9%	6.4%	7.1%	7.5%		9.4%
	39 - 43	4.8%	7.2%	7.3%	8.5%	8.8%	9.6%	10.6%	11.1%
	44 - 50	6.4%	9.7%	10.6%	9.9%	11.0%	12.4%	12.0%	11.9%
	> 50	8.3%	12.2%	14.2%	16.9%	17.6%	18.4%	6.3%	12.5%
660 - 689	1 - 33	3.9%	4.4%	5.4%	6.1%	6.3%	13.1%	10.8%	13.7%
	34 - 38	3.5%	7.7%	9.7%	10.1%	10.5%	10.8%	37.7%	17.1%
	39 - 43	6.4%	10.8%	11.9%	11.9%	13.1%	14.2%	8.3%	15.0%
	44 - 50	9.2%	13.2%	13.6%	14.4%	16.4%	17.8%	16.2%	14.9%
	> 50	11.4%	20.0%	22.5%	28.3%	23.4%	25.6%	12.4%	19.5%
640 - 659	1 - 33	5.7%	7.0%	8.1%	8.2%	9.1%	10.1%	14.5%	19.8%
	34 - 38	9.2%	10.9%	12.9%	13.4%	14.4%	15.8%	14.1%	18.7%
	39 - 43	9.7%	12.9%	15.1%	16.5%	17.6%	17.6%	18.9%	22.5%
	44 - 50	13.4%	16.7%	19.8%	22.2%	22.1%	24.0%	26.2%	22.6%
	> 50	23.1%	25.6%	34.3%	29.6%	30.8%	34.9%	17.3%	25.3%
620 - 639	1 - 33	5.3%	9.9%	11.2%	12.8%	11.7%	12.7%	21.6%	24.9%
	34 - 38	10.0%	13.8%	15.7%	17.2%	18.6%	19.5%	16.9%	27.3%
	39 - 43	13.0%	19.2%	18.8%	21.1%	22.2%	24.6%	17.9%	29.4%
	44 - 50	15.7%	22.7%	22.8%	26.0%	27.2%	30.1%	18.7%	28.2%
	> 50	21.9%	30.7%	31.1%	37.7%	41.6%	40.0%	20.1%	31.1%
580 - 619	1 - 33	9.8%	11.9%	13.2%	14.9%	17.3%	19.8%	29.2%	29.9%
	34 - 38	14.6%	20.2%	21.1%	20.7%	27.3%	28.4%	23.0%	31.5%
	39 - 43	20.9%	24.6%	23.7%	28.4%	29.9%	32.3%	42.9%	35.6%
	44 - 50	24.8%	29.5%	30.0%	35.9%	35.0%	39.0%	34.5%	35.8%
	> 50	35.9%	48.6%	36.1%	47.8%	50.3%	46.1%	24.2%	35.4%
300 - 579	1 - 33	22.9%	25.1%	35.8%	28.8%	29.4%	34.8%	32.3%	44.3%
	34 - 38	50.5%	34.2%	29.9%	37.6%	39.0%	47.4%	36.8%	43.8%
	39 - 43	44.5%	41.5%	46.7%	65.4%	51.7%	51.3%	39.6%	45.0%
	44 - 50	44.4%	48.2%	47.3%	55.6%	56.3%	55.1%	38.1%	45.6%
	> 50	47.2%	53.8%	76.0%	63.5%	69.1%	63.4%	39.2%	48.8%

* Published by the Federal Housing Finance Agency (FHFA) in collaboration with the American Enterprise Institute (AEI) Housing Center's Senior Adviser Steve Oliner (and AEI Adjunct Scholar Morris Davis).

Periodic Table of Housing Risk: FHA Home Purchase Loans primary owner-occupied, 30-year fixed rate, fully amortizing, fully documented									
v. 4.19.23: Default rates based on AEI Working Paper "A Quarter Century of Mortgage Risk" (2023).* © 2023 AEI Housing Center, www.aei.org/housing.									
GREEN (low risk): <7% ORANGE (medium risk): 7 - <14% RED (high risk): >=14%		Cumulative Default Rates for Loans Originated in 2006 - 2007							
FICO Buckets	DTI Buckets	1 - 60 CLTV	61 - 70 CLTV	71 - 75 CLTV	76 - 80 CLTV	81 - 85 CLTV	86 - 90 CLTV	91 - 95 CLTV	>= 96 CLTV
>= 770	1 - 33	3.4%	4.7%	5.5%	13.5%	17.2%	9.5%	7.6%	8.0%
	34 - 38	4.4%	6.0%	6.9%	7.2%	10.5%	11.7%	12.1%	10.6%
	39 - 43	4.3%	6.6%	6.9%	8.3%	7.0%	11.7%	15.4%	19.6%
	44 - 50	4.9%	7.0%	7.8%	8.9%	10.3%	10.8%	13.5%	14.4%
	> 50	4.8%	7.8%	8.8%	10.4%	10.9%	24.2%	14.7%	17.2%
720 - 769	1 - 33	5.5%	7.8%	8.9%	22.1%	10.2%	14.5%	14.2%	10.9%
	34 - 38	6.4%	8.7%	10.6%	11.7%	11.4%	21.6%	18.8%	13.2%
	39 - 43	7.9%	9.7%	10.9%	12.2%	28.6%	27.5%	29.1%	17.1%
	44 - 50	8.0%	9.9%	12.0%	13.5%	18.0%	22.7%	24.0%	17.1%
	> 50	9.1%	11.8%	14.1%	15.1%	42.2%	30.4%	28.0%	19.2%
690 - 719	1 - 33	8.6%	11.2%	12.9%	30.6%	12.4%	42.5%	18.5%	18.3%
	34 - 38	9.6%	13.7%	14.8%	17.0%	29.7%	34.8%	21.5%	20.0%
	39 - 43	10.6%	14.2%	16.2%	17.4%	19.3%	25.1%	24.1%	21.9%
	44 - 50	11.8%	15.0%	16.9%	18.8%	37.5%	25.7%	30.1%	23.5%
	> 50	12.5%	16.5%	19.5%	20.8%	23.2%	29.2%	30.2%	27.9%
660 - 689	1 - 33	10.9%	19.3%	16.6%	28.0%	22.1%	30.6%	21.9%	25.5%
	34 - 38	13.2%	17.3%	19.6%	21.4%	33.5%	34.3%	24.3%	26.3%
	39 - 43	13.6%	17.6%	20.6%	22.8%	31.9%	37.7%	31.7%	30.0%
	44 - 50	14.7%	19.7%	21.9%	24.4%	29.9%	39.5%	34.6%	31.3%
	> 50	16.5%	20.6%	23.9%	26.3%	29.4%	34.8%	38.6%	33.6%
640 - 659	1 - 33	18.8%	19.1%	20.8%	31.5%	29.3%	33.9%	32.2%	31.0%
	34 - 38	16.3%	21.0%	23.5%	26.0%	28.6%	39.0%	33.6%	33.3%
	39 - 43	16.6%	21.6%	25.3%	27.5%	34.3%	47.6%	37.1%	36.6%
	44 - 50	17.8%	23.1%	27.1%	29.3%	36.3%	33.9%	41.4%	38.2%
	> 50	20.4%	26.1%	29.1%	32.5%	34.2%	45.1%	50.5%	41.1%
620 - 639	1 - 33	15.9%	24.3%	28.6%	32.0%	30.6%	34.4%	38.3%	38.4%
	34 - 38	19.7%	25.0%	27.9%	30.2%	34.9%	48.7%	39.7%	42.1%
	39 - 43	20.0%	25.7%	29.6%	31.5%	39.7%	35.6%	44.9%	42.9%
	44 - 50	21.5%	27.7%	30.9%	33.6%	43.0%	43.5%	47.1%	45.3%
	> 50	23.4%	29.8%	34.0%	35.9%	39.8%	39.1%	49.7%	46.9%
580 - 619	1 - 33	23.0%	33.8%	31.9%	42.5%	39.1%	42.2%	45.2%	46.0%
	34 - 38	23.7%	31.0%	34.9%	47.6%	41.9%	47.0%	46.3%	48.7%
	39 - 43	25.3%	32.3%	35.8%	43.6%	42.5%	47.0%	48.3%	51.4%
	44 - 50	27.2%	37.5%	37.3%	44.0%	44.5%	45.2%	47.8%	53.3%
	> 50	29.6%	37.0%	41.9%	42.0%	36.3%	49.0%	49.0%	54.9%
300 - 579	1 - 33	30.6%	39.0%	46.2%	43.0%	45.3%	50.3%	55.1%	58.0%
	34 - 38	25.5%	40.5%	46.8%	50.2%	49.2%	55.7%	57.2%	62.1%
	39 - 43	32.0%	38.0%	50.1%	44.9%	48.5%	55.7%	56.7%	63.1%
	44 - 50	35.5%	44.9%	50.3%	55.3%	54.4%	62.6%	59.6%	65.1%
	> 50	42.0%	51.0%	53.6%	57.1%	49.8%	54.1%	59.9%	65.8%

* Published by the Federal Housing Finance Agency (FHFA) in collaboration with the American Enterprise Institute (AEI) Housing Center's Senior Adviser Steve Oliner (and AEI Adjunct Scholar Morris Davis).

Periodic Table of Housing Risk: <u>GSE Home Purchase Loans</u>									
primary owner-occupied, 30-year fixed rate, fully amortizing, fully documented									
v. 4.19.23: Default rates based on AEI Working Paper "A Quarter Century of Mortgage Risk" (2023).*									
© 2023 AEI Housing Center, www.aei.org/housing.									
GREEN (low risk): <7% ORANGE (medium risk): 7 - <14% RED (high risk): >=14%		Cumulative Default Rates for Loans Originated in 2006 - 2007							
FICO Buckets	DTI Buckets	1 - 60 CLTV	61 - 70 CLTV	71 - 75 CLTV	76 - 80 CLTV	81 - 85 CLTV	86 - 90 CLTV	91 - 95 CLTV	>= 96 CLTV
>= 770	1 - 33	0.5%	1.1%	1.6%	2.5%	2.6%	3.8%	5.1%	7.8%
	34 - 38	1.0%	1.9%	3.0%	3.7%	3.8%	5.4%	7.2%	10.0%
	39 - 43	1.1%	2.2%	3.3%	4.5%	4.6%	6.6%	8.4%	12.1%
	44 - 50	1.3%	2.6%	3.5%	4.8%	5.4%	7.5%	9.6%	13.7%
	> 50	0.8%	2.8%	4.3%	5.3%	6.8%	9.0%	11.3%	19.6%
720 - 769	1 - 33	1.1%	2.3%	3.4%	4.2%	3.9%	6.2%	7.5%	10.9%
	34 - 38	1.7%	3.6%	4.4%	6.3%	6.0%	8.4%	9.9%	13.1%
	39 - 43	1.9%	4.4%	5.6%	7.4%	7.2%	10.4%	12.0%	15.8%
	44 - 50	2.1%	4.5%	6.4%	8.5%	8.6%	11.6%	13.7%	18.2%
	> 50	2.2%	4.9%	6.8%	8.8%	9.8%	13.0%	16.4%	25.0%
690 - 719	1 - 33	1.8%	3.7%	5.7%	7.2%	7.2%	9.9%	11.2%	16.9%
	34 - 38	3.1%	6.5%	7.0%	9.6%	10.8%	13.6%	14.2%	19.4%
	39 - 43	3.5%	7.1%	9.1%	11.4%	10.7%	15.5%	16.9%	22.9%
	44 - 50	3.7%	6.8%	10.4%	11.8%	13.2%	17.3%	19.5%	25.6%
	> 50	3.6%	7.5%	11.8%	13.2%	15.0%	18.8%	22.7%	32.9%
660 - 689	1 - 33	3.4%	6.3%	9.0%	8.9%	8.3%	13.5%	15.1%	23.5%
	34 - 38	4.2%	7.9%	9.4%	13.2%	13.0%	16.4%	18.4%	27.5%
	39 - 43	5.1%	10.4%	12.2%	14.1%	15.3%	19.6%	21.5%	30.9%
	44 - 50	5.8%	10.4%	13.6%	16.0%	17.4%	21.9%	24.1%	33.4%
	> 50	4.9%	11.7%	15.0%	17.0%	22.8%	24.5%	29.9%	41.1%
640 - 659	1 - 33	4.9%	8.9%	9.4%	13.1%	12.5%	17.2%	21.3%	31.6%
	34 - 38	6.7%	12.9%	17.6%	16.1%	20.4%	20.0%	24.3%	36.1%
	39 - 43	8.8%	13.6%	17.6%	20.2%	20.5%	24.5%	27.9%	39.9%
	44 - 50	7.2%	14.3%	17.3%	19.9%	21.2%	27.2%	31.4%	42.9%
	> 50	9.3%	16.8%	20.4%	22.3%	27.5%	31.6%	36.9%	49.3%
620 - 639	1 - 33	6.6%	12.9%	15.3%	16.3%	18.2%	21.1%	25.9%	39.3%
	34 - 38	7.9%	17.2%	18.3%	21.0%	25.2%	25.5%	30.3%	43.6%
	39 - 43	10.8%	16.9%	20.0%	21.1%	27.0%	27.6%	34.3%	47.4%
	44 - 50	10.5%	15.9%	24.1%	26.0%	27.1%	31.8%	37.8%	50.5%
	> 50	12.6%	18.2%	29.0%	26.9%	33.5%	38.5%	43.4%	56.2%
580 - 619	1 - 33	10.2%	17.0%	21.1%	22.3%	27.7%	28.3%	32.6%	48.9%
	34 - 38	12.3%	21.5%	23.7%	25.4%	29.4%	31.4%	39.5%	53.3%
	39 - 43	10.9%	24.7%	28.3%	28.4%	38.0%	34.6%	41.6%	55.8%
	44 - 50	14.2%	21.1%	27.3%	30.2%	33.3%	38.4%	45.4%	58.6%
	> 50	15.0%	28.2%	34.0%	33.4%	42.5%	44.9%	51.4%	63.3%
300 - 579	1 - 33	21.3%	30.4%	36.3%	38.5%	46.6%	44.6%	52.7%	61.5%
	34 - 38	24.1%	32.1%	34.6%	40.1%	49.5%	49.7%	52.2%	64.9%
	39 - 43	20.5%	34.4%	35.8%	41.5%	46.1%	48.1%	56.5%	67.3%
	44 - 50	22.6%	36.5%	46.4%	46.7%	48.9%	54.8%	58.4%	68.9%
	> 50	24.9%	37.4%	43.3%	47.0%	56.9%	55.1%	65.6%	71.6%

* Published by the Federal Housing Finance Agency (FHFA) in collaboration with the American Enterprise Institute (AEI) Housing Center's Senior Adviser Steve Oliner (and AEI Adjunct Scholar Morris Davis).

New Insights into Borrower Resiliency

Tobias Peter
Co-Director and Senior Fellow
(Tobias.Peter@aei.org)

I grant permission to reuse this presentation,
as long as you cite as the source:
AEI Housing Center, www.aei.org/housing.

Key Takeaways

- The AEI Housing Center's research has long shown that underwriting matters for loan performance, particularly under stress (cohort years 2006 and 2007).
 - We created the *Periodic Tables* of Mortgage Risk, which were primarily based on credit score, CLTV, and DTI, but this research was long constrained by data availability.
 - In new research, we find that loan term and the number of borrowers have a prophylactic effect on serious default.
- Access to administrative VA data has allowed us to test various other indicators' Predictive power of serious default (D180+) for loans with CLTVs $\geq 96\%$.
 - FICO was the most predictive variable followed by a ZIP Code's home price decline.
 - Months' reserves or net residual income were also predictive and more predictive than debt-to-income ratio

Example Periodic Table

Periodic Table of Housing Risk: GSE Home Purchase Loans												
primary owner-occupied, 30-year fixed rate, fully amortizing, fully documented												
v. 4.19.23: Default rates based on AHS Working Paper "A Quarter Century of Mortgage Risk" (2023).*												
© 2023 AHS Housing Center, www.ahs.org/housing.												
		Cumulative Default Rates for Loans Originated in 2006-2007										
FICO Buckets		1-60	61-70	71-75	76-80	81-85	86-90	91-95	>=96			
		CLTV	CLTV	CLTV	CLTV	CLTV	CLTV	CLTV	CLTV	CLTV	CLTV	CLTV
GREEN (low risk): <7% ORANGE (medium risk): 7-14% RED (high risk): >=14%	>=770	1-33	0.5%	1.1%	1.6%	2.5%	3.8%	5.1%	7.8%	10.6%	13.4%	17.8%
		34-38	1.6%	2.1%	2.7%	3.5%	4.6%	5.9%	8.6%	11.4%	14.2%	18.6%
		39-43	1.1%	1.7%	2.3%	3.3%	4.5%	5.8%	8.4%	11.1%	13.7%	18.2%
		44-50	1.3%	2.6%	3.5%	4.8%	5.4%	7.5%	9.6%	11.7%	13.7%	18.1%
		>50	0.8%	2.8%	4.3%	5.3%	6.8%	9.0%	11.3%	13.4%	15.4%	19.8%
	720-769	1-33	1.1%	2.1%	3.4%	4.2%	5.9%	6.2%	7.5%	10.2%	11.3%	15.5%
		34-38	1.7%	3.6%	4.4%	6.3%	6.0%	8.4%	9.9%	13.1%	14.0%	18.1%
		39-43	1.9%	4.8%	5.6%	7.4%	7.2%	10.4%	12.0%	15.0%	15.9%	20.0%
		44-50	2.1%	4.5%	6.4%	8.5%	8.6%	11.6%	13.7%	16.2%	18.2%	22.2%
		>50	1.8%	3.7%	5.7%	7.2%	7.2%	10.2%	11.2%	14.2%	15.2%	19.2%
	690-719	1-33	1.8%	3.7%	5.7%	7.2%	7.2%	9.9%	11.2%	14.2%	15.2%	19.2%
		34-38	3.1%	6.5%	7.0%	9.6%	10.8%	13.6%	14.2%	18.4%	19.4%	23.4%
		39-43	3.5%	7.1%	8.1%	11.4%	10.7%	15.5%	16.9%	22.6%	23.6%	27.6%
		44-50	3.7%	6.8%	10.4%	11.8%	13.2%	17.3%	19.5%	25.4%	25.4%	29.4%
		>50	3.6%	7.5%	11.8%	13.2%	15.9%	18.8%	22.7%	29.2%	29.2%	33.2%
	660-689	1-33	3.4%	6.3%	8.0%	8.9%	8.3%	13.5%	15.1%	23.5%	23.5%	27.5%
		34-38	4.2%	7.5%	9.4%	13.4%	13.6%	18.4%	18.4%	27.5%	27.5%	31.5%
		39-43	5.1%	10.6%	12.1%	17.1%	17.1%	21.9%	21.9%	31.5%	31.5%	35.5%
		44-50	5.8%	10.6%	13.6%	16.6%	17.8%	21.9%	24.1%	31.4%	31.4%	35.4%
		>50	4.9%	11.7%	15.0%	17.6%	22.8%	24.5%	29.9%	41.3%	41.3%	45.3%
	640-659	1-33	4.9%	8.5%	9.4%	13.1%	12.5%	17.2%	11.3%	11.2%	11.2%	15.2%
		34-38	6.7%	12.6%	17.6%	16.1%	26.4%	20.9%	24.3%	36.1%	36.1%	40.1%
		39-43	8.8%	13.6%	17.6%	20.2%	28.5%	24.5%	27.9%	39.9%	39.9%	43.9%
		44-50	9.2%	14.3%	17.9%	22.9%	29.9%	21.2%	27.9%	41.4%	41.4%	45.4%
		>50	7.9%	14.6%	21.4%	21.4%	27.4%	22.4%	27.4%	41.4%	41.4%	45.4%
	620-639	1-33	6.6%	12.8%	13.5%	14.8%	14.8%	21.1%	15.9%	15.9%	15.9%	19.9%
		34-38	7.9%	17.2%	18.3%	21.6%	25.1%	25.5%	30.3%	41.6%	41.6%	45.6%
		39-43	10.8%	16.9%	20.9%	21.1%	27.6%	27.6%	34.3%	47.4%	47.4%	51.4%
		44-50	10.5%	15.9%	24.1%	26.0%	27.1%	31.8%	31.8%	50.5%	50.5%	54.5%
		>50	12.6%	18.2%	29.0%	26.9%	33.5%	35.5%	43.4%	56.2%	56.2%	60.2%
	580-619	1-33	10.2%	17.6%	21.1%	22.3%	27.7%	28.3%	37.6%	48.9%	48.9%	52.9%
		34-38	12.3%	21.5%	23.7%	25.4%	29.4%	31.4%	35.5%	53.9%	53.9%	57.9%
		39-43	11.6%	21.6%	25.1%	26.1%	31.6%	31.6%	35.5%	53.9%	53.9%	57.9%
		44-50	14.2%	21.1%	27.1%	30.2%	31.3%	34.6%	45.4%	54.6%	54.6%	58.6%
		>50	15.6%	24.2%	34.0%	31.4%	41.5%	41.5%	45.4%	61.4%	61.4%	65.4%
	300-579	1-33	21.5%	32.4%	35.1%	35.5%	46.4%	44.4%	52.7%	61.2%	61.2%	65.2%
		34-38	24.1%	32.1%	34.6%	40.1%	49.5%	49.7%	52.2%	64.9%	64.9%	68.9%
		39-43	29.5%	34.4%	35.8%	41.5%	46.1%	48.1%	56.5%	67.5%	67.5%	71.5%
		44-50	22.6%	36.5%	46.4%	46.7%	48.9%	54.8%	58.4%	68.9%	68.9%	72.9%
		>50	27.4%	37.4%	43.5%	47.6%	52.4%	54.4%	61.4%	71.4%	71.4%	75.4%

* Published by the Federal Housing Finance Agency (FHFA), in collaboration with the American Enterprise Institute (AEI), Housing Center's Senior Advisor Steve Oliner (and AEI Adjunct Scholar Morris Davis).

Data and Methodology

- We limit the analysis to “plain vanilla” purchase loans originated in 2006 and 2007.* We track their performance through Dec 2019.
- We focus on loans with CLTV \geq 96%.
- A loan is considered to have defaulted if it was ever delinquent for 180 or more days (E180+).

Fannie and Freddie Loan Performance data

- Loan total of more than 1,600,000 records.

VA administrative data**

- Compared to servicer data, it is more complete and includes additional variables such as assets, income, net residual income, or ZIP-Code, which allows us to merge on FHFA Home Price Index data.**
- Loan total of about 200,000 records.

* Plain vanilla loans are defined as 30-year fixed rate, primary owner-occupied, fully amortizing, fully documented loans.

** Loan originated from October 2005 – September 2007.

*** We use the FHFA HPI ZIP-Code level charge from 2007 to 2012. We group ZIPs into equally-sized quintiles based on their population totals.

The Prophylactic Effect of Shorter Loan Terms – GSE Data

Across all credit score buckets, 15- and 20-year loans cut the serious default rates in at least half.

Average Default Rate (E180+) for Loans with CLTV ≥ 96% by Term: GSE Purchase Loans									
FICO Buckets	DTI Buckets	Default Rate (E180+)			Loan Count			Ratio: 15/20 vs. 30-yr	
		30-yr	20-yr	15-yr	30-yr	20-yr	15-yr	20-yr	15-yr
≥770	1-33	8.0%	3.6%	3.9%	26,423	139	513	0.5	0.5
	≥34	14.3%	3.1%	1.7%	64,551	196	656	0.2	0.1
690-719	1-33	18.3%	13.2%	6.7%	25,118	106	300	0.7	0.4
	≥34	28.9%	9.0%	8.4%	104,424	133	404	0.3	0.3
620-659	1-33	37.9%	18.7%	13.0%	28,075	91	208	0.5	0.3
	≥34	49.9%	20.0%	21.7%	137,563	100	254	0.4	0.4
580-619	1-33	50.8%		33.0%	14,909		109		0.7
	≥34	60.6%		34.3%	69,200		105		0.6

Note: Cells with less than 50 loans are not shown, 50 ≤ n-counts <100 are in red.

Source: Fannie, Freddie, AEI Housing Center.

The Prophylactic Effect of Having An Additional Borrower on the Loan – GSE Data

- Across all credit score and DTI buckets, loans with two borrowers on the note experienced fewer serious defaults than loans with one borrower .
- The effects were greatest for higher credit scores.

Average Default Rate (E180+) for Loans with CLTV ≥ 96% by borrowers: GSE Purchase Loans						
Data: 30-year fixed rate, primary owner-occupied, fully amortizing, fully documented, excl. manufactured housing.						
FICO Buckets	DTI Buckets	Default Rate (E180+)		Loan Count		Ratio: two vs. one borrower
		one borrower	two borrowers	one borrower	two borrowers	
≥770	1-33	10.0%	5.5%	14,523	11,781	0.6
	≥34	16.6%	10.6%	39,490	24,988	0.6
690-719	1-33	23.2%	12.9%	13,054	12,039	0.6
	≥34	32.8%	23.4%	60,073	44,171	0.7
620-659	1-33	42.7%	30.3%	17,209	10,849	0.7
	≥34	53.4%	43.4%	88,786	48,508	0.8
580-619	1-33	54.9%	42.0%	10,125	4,765	0.8
	≥34	63.4%	53.9%	48,695	20,389	0.9

Source: Fannie, Freddie, AEI Housing Center.

Predictive Power of FICO Score Buckets and Home Price Quintiles – VA data

- A clear pattern on serious default emerges.
- After controlling for FICO bucket, loans that experienced significant price declines during the period from 2007 to 2012 exhibited higher default rates. The difference in default rates between the highest and lowest HPI quintile ranges from 7 to 18 ppts.
- A 720-769 credit score loan made in an area with the highest price declines had about the same default rate as a 580-639 credit score loan in an area with no price decline.

Average Default Rate (E180+) for CLTV ≥ 96%: 2006-2007 VA Purchase Loans						
Data: 30-year fixed rate, primary owner-occupied, fully amortizing, fully documented.						
FICO Buckets	Median FHFA HPI Decline: 2007-2012					Diff. btw. highest and lowest bin
	Q1-Largest	Q2	Q3	Q4	Q5-Smallest	
≥770	15.6%	8.1%	5.3%	3.9%	2.7%	12.9 ppts.
720-769	23.3%	12.1%	8.5%	6.4%	4.9%	18.4 ppts.
690-719	25.8%	15.5%	12.3%	10.2%	8.5%	17.2 ppts.
660-689	29.9%	20.4%	16.3%	14.7%	11.8%	18.1 ppts.
640-659	32.7%	25.3%	21.9%	18.8%	16.3%	16.4 ppts.
620-639	37.0%	28.8%	25.4%	24.7%	21.1%	15.9 ppts.
580-619	39.4%	33.0%	30.3%	28.7%	25.7%	13.7 ppts.
300-579	43.7%	38.9%	37.6%	40.2%	36.5%	7.2 ppts.
Diff. btw. highest and lowest bin	28.1 ppts.	30.7 ppts.	32.4 ppts.	36.3 ppts.	33.8 ppts.	

Note: Median FHFA HPI change from 2007-2012 for each quintile: Q1: -42.7%; Q2: -26.3%; Q3: -16.7%; Q4: -8.7%; Q5: 0.4%. Source: VA, FHFA, and AEI Housing Center.

Predictive Power of FICO Score Buckets & Home Price Quintiles & Reserves – VA data

Combining FICO Score Buckets & Home Price Quintiles & Months' Reserves

- After controlling for FICO bucket & home price quintile, loans with more reserves exhibited lower default rates. The difference in default rates between the highest and lowest months' reserved buckets were 2 to 13 ppts.
 - For some credit score and home price buckets, the decline in the average default rate can be as large as 50% when months' reserves were greater than 12 months rather than less than 1 month.
- The benefits of higher levels of reserves were generally greater for lower credit score borrowers and in areas with more moderate price declines.
- We find similar benefits for net residual income.

Average Default Rate (E180+) for CITV ≥ 96%: 2005-2007 VA Purchase Loans						
Data: 30-year fixed rate, primary owner-occupied, fully amortizing, fully documented.						
FICO Buckets	Median FHFA HPI Decline: 2007-2012	Months' Reserve (in month)*			Diff. btw. highest and lowest bin	
		<1	3-6	≥ 12		
≥770	Q1-Largest	22.3%	13.1%	13.3%	9.0 ppts.	
	Q3	9.5%	6.0%	4.1%	5.3 ppts.	
	Q5-Smallest	4.1%	3.0%	2.3%	1.8 ppts.	
660-689	Q1-Largest	32.2%	30.1%	25.2%	7.0 ppts.	
	Q3	21.9%	16.5%	10.6%	11.3 ppts.	
	Q5-Smallest	15.7%	11.4%	9.0%	6.6 ppts.	
620-659	Q1-Largest	38.6%	34.7%	28.3%	10.3 ppts.	
	Q3	28.5%	22.2%	19.0%	9.5 ppts.	
	Q5-Smallest	24.6%	17.1%	11.7%	12.9 ppts.	

*Months' reserve are calculated as Total assets / monthly PITI.

Note: Median FHFA HPI change from 2007-2012 for each quintile: Q1: -42.7%; Q2: -26.3%; Q3: -16.7%; Q4: -8.7%; Q5: 0.4%.

Source: VA, FHFA, and AEI Housing Center.

Reserves Provide Staying Power during Good Economic Times – VA Data

- When focusing on the 2013-2015 VA cohorts while home prices were rising uniformly, the benefits from additional reserves were greatest for lower credit score borrowers.

Average Default Rate (E180+) for CLTV ≥ 96%: 2013-2015 VA Purchase Loans						
Data: 30-year fixed rate, primary owner-occupied, fully amortizing, fully documented.						
FICO Buckets	Months' Reserve (in month)*					Diff. btw. highest and lowest bin
	<1	1-3	3-6	6-12	≥ 12	
≥770	3.2%	2.2%	1.9%	1.6%	1.6%	1.6 ppts.
720-769	4.6%	3.6%	2.9%	2.4%	2.1%	2.6 ppts.
690-719	6.8%	5.1%	4.0%	3.6%	2.8%	4.0 ppts.
660-689	9.8%	7.7%	6.3%	5.4%	4.6%	5.2 ppts.
640-659	13.9%	11.1%	9.0%	7.9%	6.6%	7.2 ppts.
620-639	16.6%	13.6%	11.3%	9.6%	8.7%	7.8 ppts.
580-619	17.3%	15.4%	12.9%	10.0%	10.0%	7.4 ppts.
Diff. btw. highest and lowest bin	14.1 ppts.	13.2 ppts.	11.0 ppts.	8.4 ppts.	8.4 ppts.	

*Months' reserve are calculated as Total assets / monthly PITI.

Note: We track loan performance through Dec 2019.

Source: VA, FHFA, and AEI Housing Center.

Policy Recommendations

- Ultimately, we need to build more naturally affordable housing using Light-touch Density and equip borrowers, especially those with high CLTVs and lower credit scores, with more staying power to withstand periods of economic stress.
 - There appear to be clear benefits from borrowers having liquid reserves of at least 3 months.
 - Should reserves be substituted for higher CLTVs?
 - Should liquid reserves or net residual income replace DTI in underwriting?
 - Should we be pricing for one vs. two borrowers on the note?
 - Loan terms well below 30 years reduce the risk of default and build equity at a faster rate. They were the norm until the mid-1950s.
 - There are many tools in the box to make them attractive relative to a 30-year loan (e.g. interest rate buy-down, higher CLTV, ARM structure, LLMA/MIP changes, etc.)
 - Predicting home price swings ex-ante is very hard, but prudent underwriting (and more supply) can avoid the worst excesses.

Appendix

77

11

Explanatory Variable Ranking

- Aligned with our previous research, FICO is predictive of VA default rates. However, changes in housing prices and months’ reserves prove to be more effective compared to DTI.

Avg. Default Rate by Variables: 2006-2007 VA purchase cohorts (CLTV>= 96%)
30-year fixed rate, primary owner-occupied, fully amortizing, fully documented

30-year fixed rate, primary owner-occupied, fully amortizing, fully documented										Diff. btw. the highest and lowest default rate
FICO Buckets		300-579	580-619	620-639	640-659	660-689	690-719	720-769	≥770	
		38.8%	30.2%	26.0%	21.4%	16.8%	12.6%	8.9%	5.5%	
Median FHFA HPI Change: 2007-2012		Q1-Largest	Q2	Q3	Q4	Q5-Smallest				
		29.1%	20.1%	17.0%	15.3%	13.3%				
Months' Reserve (in month)*		<1	1-3	3-6	6-12	≥ 12				
		26.9%	20.9%	16.5%	13.6%	10.6%				
Net Residual Income Amount (\$)		<500	500-999	1,000-1,499	1,500-1,999	≥2,000				
		22.3%	18.8%	16.1%	14.4%	11.2%				
DTI Buckets		1-33	34-38	39-43	44-50	≥51				
		14.4%	16.5%	18.0%	18.3%	18.3%				
										3.8%

*Median FHFA HPI change for each quintile group

Q1-Largest	Q2	Q3	Q4	Q5-Smallest
-42.7%	-26.3%	-16.7%	-3.7%	0.4%

Note: *Month reserve is calculated using Total asset / monthly PITI
Source: VA, FHFA, and AEI Housing Center

Model Comparison

Table of R²
2006-2007 VA purchase cohorts (CLTV >= 96%)
30-year fixed rate, primary owner-occupied, fully amortizing, fully documented

Model	R ²
FICC Bucket	0.063
FHFA HPI Change*	0.017
Months Reserve**	0.020
Net Residual Income	0.012
FICC Bucket + FHFA HPI Change	0.084
FICC Bucket + FHFA HPI Change + DTI	0.085
FICC Bucket + FHFA HPI Change + Months Reserve	0.090
FICC Bucket + FHFA HPI Change + Net Residual Income	0.093
FICC Bucket + FHFA HPI Change + Months Reserve	
+ Net Residual Income	0.102
+ First-time Buyer	0.093
+ Number of Borrowers	0.092
+ Active Status	0.092
+ Gender	0.091
+ Race	0.091

Note: * Median FHFA HPI change for each quintile group: Quintile 1: -42.7%; Quintile 2: -26.3%; Quintile 3: -16.7%; Quintile 4: -8.7%; Quintile 5: 0.4%
 ** Month reserve is calculated using Total asset / monthly PITI
 Source: VA, FHFA, and AEI Housing Center

Net Residual Income

Average Default Rate (E180+) for CLTV >= 96%: 2006-2007 VA purchase loans						
30-year fixed rate, primary owner-occupied, fully amortizing, fully documented						
FICO Buckets	Median FHFA HPI Decline: 2007-2012	Net Residual Income Amount (\$)				Diff. btw. highest and lowest bin
		<500	500-999	1000-1499	1500-1999	≥2000
≥770	Quintile 1	23.4%	16.7%	15.6%	10.8%	12.4%
	Quintile 2	9.7%	10.1%	8.9%	6.7%	5.4%
	Quintile 3	7.4%	7.3%	4.9%	4.2%	3.1%
	Quintile 4	6.6%	3.9%	4.3%	3.9%	1.9%
	Quintile 5	4.7%	3.4%	2.6%	2.3%	1.7%
660-689	Quintile 1	33.2%	28.8%	28.3%	31.9%	26.6%
	Quintile 2	23.8%	21.0%	20.9%	16.5%	14.5%
	Quintile 3	21.3%	16.7%	15.3%	11.6%	11.0%
	Quintile 4	19.5%	15.1%	12.9%	11.7%	8.7%
	Quintile 5	15.1%	12.1%	11.5%	10.0%	7.2%
580-619	Quintile 1	45.2%	40.7%	39.7%	31.6%	35.7%
	Quintile 2	40.2%	36.6%	28.6%	26.5%	26.8%
	Quintile 3	37.9%	31.9%	28.5%	24.7%	21.1%
	Quintile 4	33.5%	31.6%	26.5%	24.1%	20.8%
	Quintile 5	30.4%	27.2%	23.5%	23.3%	18.9%

Note: Median FHFA HPI change for each quintile group: Quintile 1: -42.7%; Quintile 2: -26.3%; Quintile 3: -16.7%; Quintile 4: -8.7%; Quintile 5: 0.4%
Source: VA, FHFA, and AEI Housing Center

APPENDIX 2: Fair Access to Coops for Veterans Act of 2025

Co-ops may not represent a significant expansion of housing supply accessible to most veterans.

Market Share:

- Co-ops represent only about 1% of the U.S. residential housing stock.

Geographic Concentration:

- Primarily found in large urban markets, with significant concentrations in:
 - New York City (NYC) – the largest co-op market.
 - Washington, D.C., Chicago, and San Francisco also have notable co-op inventories.

Property Characteristics:

- Co-ops are often located in historic or luxury buildings, which can drive higher price points compared to other housing options in less desirable areas.

Pricing Dynamics:

- While co-ops can command higher absolute prices due to their locations and building characteristics, they are generally priced lower than comparable condos in the same area. Reasons for lower pricing relative to condos include:
 - Limited buyer familiarity with the co-op ownership structure.
 - Governance by co-op boards, which may impose:
 - Stricter purchase requirements, including higher down payments.
 - Background checks and board approval processes that deter some potential buyers.
 - Monthly maintenance fees for co-ops often include property taxes, potentially increasing upfront monthly costs.

Implications for veterans:

- The additional 3.25% loan fee may present a financial hurdle for some veterans, particularly those purchasing entry-level co-op units relative to condos.
- Given these factors, co-ops may not represent a significant expansion of housing supply accessible to most veterans.

Prepared Statement of Will Hubbard



**WRITTEN TESTIMONY
SUBMITTED TO THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
119TH CONGRESS, FIRST SESSION**

March 11, 2025

Chairman Van Orden, Ranking Member Pappas, and Members of the Subcommittee:

We thank you for the opportunity to share this statement for the record to be considered during this hearing, which includes many notable bills addressing topics in higher education and veterans' education benefits. Veterans Education Success is a nonprofit organization with the mission of working on a bipartisan basis, advancing higher education success for veterans, service members, and military families, and protecting the integrity and promise of the GI Bill® and other federal education programs.

In this statement, we address the following legislative proposals: a draft bill amending 38 U.S.C. § 3107, the *Modernizing the Veterans On-Campus Experience Act of 2025*, a draft bill amending 38 U.S.C. § 3327, the *Veterans Readiness and Employment Transparency Act of 2025*, the *Reforming Education for Veterans Act*, the *Streamlining Aviation for Eligible "SAFE" Veterans Act of 2025*, and the *VETS Opportunity Act of 2025*.

Before we turn to the legislation at hand, the news of staffing cuts at VA demand our attention. Echoing Chairman Bost's statement last week, we are anxious to understand the impact of these staffing cuts on VA's ability to deliver services to veterans, especially the GI Bill. We urge the Subcommittee to make inquiries to VA about its ability to ensure veterans receive the benefits to which they are statutorily entitled. We hope the Subcommittee will request data on the impact of these changes and what steps VA is taking to ensure the Secretary's promise to improve support for veterans is met. We recall the 2014 wait times problem at VA that demanded this Subcommittee's attention and the attention of all VSOs, and we would appreciate the opportunity to collaborate with the Subcommittee on efforts to ensure that veterans' benefits are not delayed.

We applaud the Subcommittee's dedication to our Nation's veterans and look forward to working closely with the staff members on the advancement of many of these important topics for broader consideration.

DRAFT BILL, VETS Opportunity Act of 2025

The Veterans Education and Technical Skills Opportunity Act of 2025, or "VETS Opportunity Act," would modify the criteria for approval of certain independent study programs. Specifically, the bill seeks to amend 38 U.S.C. §3680A(a)(4)(B)(iii)(II) to add, as an exception to the prohibition against independent study programs, for-profit programs that do not lead to a standard college degree or to a certificate at an institution of higher learning.

We very strongly urge the Subcommittee to set aside this legislation and undertake further analysis. The rationale and actual need for this legislation are unclear, and the current proposal would pose dangerous unintended consequences to student veterans.

Some proponents of this legislation contend it is needed so that "hybrid programs" – defined as programs offered as a combination of online and resident training – at for-profit institutions may be approved, but this argument is fundamentally flawed and misleading. §3680A(a)(4) already allows hybrid standard college degree and certificate programs at all types of institutions of higher learning, including for-profit schools. Therefore, the proposed amendments to §3680(A) are unnecessary for providing access to hybrid programs at for-profit institutions.

Beyond being unnecessary, the bill, as currently drafted, poses very serious risks to taxpayers and student veterans by opening up the GI Bill to waste, fraud, and abuse. Specifically, the changes proposed would open up the GI Bill to a subset of so-called independent study programs that were wisely excluded when §3680A was last amended, due to the exploitative nature and lack of accountability of such programs.¹ The exclusion of those programs was extensively considered and agreed upon by overwhelmingly bipartisan Congressional majorities as part of the passage of the Forever GI Bill in 2017. The reason for bipartisan agreement on this issue previously was to safeguard the GI Bill from waste, fraud, and abuse. Undoing that bipartisan consensus now would appear to be reckless.

Moreover, a very recent law should have already clarified any question about online college access to the GI Bill. Specifically, the *Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act*, passed in the last Congress, makes it clear that online programs are to be considered as "independent study" in the context of Title 38 standards.² The goal of those standards is to ensure that online education programs meet the conditions of accredited and standard college degree programs or the conditions set out for VA's existing online high technology programs.

While we acknowledge and appreciate the inclusion of the caveat that approval of a course of study would be contingent upon a program offering "regular and substantive interaction between students and instructors," we do maintain concerns overall. We would also support the inclusion of this provision as an update to 38 U.S.C. §3672A. Unfortunately, many student veterans have experienced the minimal value that online courses offer, especially when the program consists of little more than YouTube videos, which they could have easily accessed on their own at no cost.³

¹ Public Law 115-48, Section 302, <https://www.congress.gov/115/statute/STATUTE-131/STATUTE-131-Pg973.pdf>

² Public Law 118-210, "Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act," See Section 212. 118th Congress, 2nd Session (2024), <https://www.congress.gov/bills/118/congress/house-bill/8371>.

³ Veterans Education Success. "Our Written Testimony: Legislative Priorities Submitted to the Senate and House Committees on Veterans Affairs 2025," See page 5. (Feb. 25, 2025). <https://vetsedsuccess.org/our-written-testimony-legislative-priorities-submitted-to-the-senate-and-house-committees-on-veterans-affairs-2025/>.

One student veteran had this to share about their experience:

“There are issues such as the school replaying free web seminars as their own training and using unqualified people to lead the classes. They literally go to Youtube, find the free course by someone else, then they play that during the ZOOM meeting and call it training. Everything they are doing could have been done by me for free... They also attempted on two occasions to place me in classes that are not part of the program and do not serve a purpose except to show me in class...”⁴

We further acknowledge the inclusion of the language that a school must be “approved to participate or participating in the student financial assistance programs authorized by title IV of that Act.” We believe this language is a positive improvement from previous iterations of the bill, which would have required a school only to be “qualified to participate” in Title IV.⁵

We strongly oppose this legislation and request the opportunity to meet with the sponsors to discuss this further. We encourage the Subcommittee not to advance it for additional consideration at this time.

DRAFT BILL, Reforming Education for Veterans Act

This bill would seek to codify certain policies for GI Bill students during periods of military service, including the requirement that institutions maintain a leave of absence policy during military service. It would also decrease the number of compliance surveys for educational institutions that have multiple locations and mandate timely updates to the school certifying officials (SCO) handbook.

We support the intended goal of Section 2 to improve protections for student veterans who are mobilized for a period of military service, but request the Subcommittee to set this aside because these protections are already enshrined in two separate pieces of legislation: the *Isakson-Roe Act*, which conditions eligibility for VA funds on similar accommodations, and the *Higher Education Opportunity Act*, which requires all Title IV institutions to accommodate servicemembers when they are activated.^{6, 7}

⁴ Veterans Education Success. *Statement for the record: Legislative priorities submitted to the Senate and House Committees on Veterans' Affairs, 118th Congress, second session.* (Mar. 13, 2024). <https://vetsedsuccess.org/statement-for-the-record-legislative-priorities-submitted-to-the-senate-and-house-committees-on-veterans-affairs-2024/>.

⁵ *Id.* See page 6.

⁶ Public Law 116-315, Section 1018 stipulates institutions must, “maintain a policy that (i) ensures that members of the Armed Forces, including the reserve components and the National Guard, who enroll in a course of education at the educational institution may be readmitted at such institution if such members are temporarily unavailable or have to suspend such enrollment by reason of serving in the Armed Forces; and (ii) otherwise accommodates such members during short absences by reason of such service.”

⁷ Public Law 110-315, Section 487 stipulates institutions must, “Any student whose absence from an institution of higher education is necessitated by reason of service in the uniformed services shall be entitled to readmission to the institution of higher education if (A) the student (or an appropriate officer of the Armed Forces or official of the Department of Defense) gives advance written or verbal notice of such service to the appropriate official at the institution of higher education; (B) the cumulative length of the absence and of all previous absences from that institution of higher education by reason of service in the uniformed services does not exceed five years; and (C) except as otherwise provided in this section, the student submits a notification of intent to reenroll in the institution of higher education in accordance with the provisions of paragraph (4).

We are concerned that the enactment of yet a third piece of legislation mandating essentially the same accommodations is not only redundant, but also could lead to confusion and complicate compliance.

We urge the Subcommittee to abandon Section 3, which proposes limiting annual compliance surveys at multi-campus institutions to no more than one compliance survey. Multi-campus institutions are the largest source of student veteran complaints and the site of the vast majority of problems with the GI Bill. Student veteran and whistleblower complaints about "chain schools" typically raise concerns about different campus locations under the chain umbrella, not just one campus. We are alarmed at the notion of allowing such venues to skip a compliance survey.

As we have previously reported, some of the lowest-quality schools receive the most GI Bill funding, most of which are multi-campus operations. Our research found that, from 2009 to 2017, eight of the 10 schools receiving the most Post-9/11 GI Bill funds accounted for 20% of all GI Bill payments, amounting to \$34.7 billion.⁸ Even more concerning, seven of these 10 schools, all multi-campus chains, had high numbers of student veteran complaints and had faced law enforcement actions over allegations of deceptive advertising, predatory recruiting, and fraudulent loan schemes.⁹

These multi-campus chains also spent less than one-third of the tuition they charged VA in 2017 actually educating the veterans, instead siphoning off the GI Bill to pay for marketing schemes and executive perquisites. Not surprisingly, these multi-campus chains struggled with student outcomes: Less than 28% of their students completed a degree, and only half earned more than a high school graduate.¹⁰

In other words, bad actors are wasting GI Bill funding and defrauding VA and veterans, and this legislation would only serve to exacerbate those challenges further.¹¹ The language, as proposed, would be a giveaway to college chains that operate many locations. Conditions at one campus location do not necessarily reflect the circumstances of other campuses, and even aggregating data across multiple campuses can mask subpar conditions that fall below the compliance thresholds.

⁸ Veterans Education Success. *Schools Receiving the Most Post-9/11 GI Bill Tuition and Fee Payments Since 2009* (Mar. 2018). <https://vetsedsuccess.org/wp-content/uploads/2018/03/gi-bill-cumulative-revenue-brief-2.pdf>.

⁹ *Id.*

¹⁰ Veterans Education Success. *Should Colleges Spend the GI Bill on Veterans' Education or Late Night TV Ads? And Which Colleges Offer the Best Instructional Bang for the GI Bill Buck?* (2019), <https://vetsedsuccess.org/should-colleges-spend-the-gi-bill-on-veterans-education-or-late-night-tv-ads-and-which-colleges-offer-the-best-instructional-bang-for-the-gi-bill-buck/>.

¹¹ See also U.S. Dept. of Education, Federal Student Aid Fiscal Year 2024 Annual Report (2024), <https://studentaid.gov/sites/default/files/fy2024-fsa-annual-report.pdf>, (p. 140-143) ("FSA also received a disproportionate number of complaints from predominantly online schools. FSA received 2,764 complaints (23%) about schools where more than 80% enrolled exclusively online. In contrast, these schools accounted for only 9% of enrollment in Title IV-eligible schools during the 2023-24 school year...").

Ensuring compliance by every campus branch is important to protecting student veterans and the GI Bill. Compliance burdens are the price that institutions voluntarily accept in exchange for eligibility for GI Bill funds. We believe VA should ensure that all venues enrolling veterans are in compliance with the requirements that Congress has seen fit to impose on institutional participants.

Section 4 of the bill would ensure timely updates to SCOs, who are oftentimes the frontline support for student veterans on campus. Ensuring they have the most current guidance, consistent with the statute and intent of Congress, is critical to the proper functioning of GI Bill benefits. We support Section 4 of the bill, and would support the inclusion of this provision in future legislation.

DRAFT BILL, Streamlining Aviation for Eligible "SAFE" Veterans Act of 2025 (Flight Training)

This bill would amend 38 U.S.C. § 3104 by modifying the approval requirements for training programs under VA's Veteran Readiness & Employment (VR&E) program. Specifically, it would allow VA to approve flight training programs that are not tied to a degree-granting institution. While we recognize the intent to expand career options for veterans, we are concerned that this change removes existing safeguards without ensuring that veterans will garner meaningful employment outcomes.

We urge Subcommittee members to strongly consider the long history of scandals associated with flight schools. A former Chairman of the Veterans' Affairs Committee, Rep. Jeff Miller, famously stated, "The GI Bill flight school loophole is so big you could fly a 747 through it," after some flight programs were discovered to be "gouging taxpayers with exorbitant tuition expenses..."¹²

The lengthy history associated with flight schools is notable, as the scope and scale of the abuse resulted in bipartisan support from lawmakers to cap program costs, which we supported in testimony.¹³ Rep. Brad Wenstrup championed the effort to reduce the sky-high flight school costs, introducing the *GI Bill Education Quality Enhancement Act of 2015*.¹⁴

A representative from The American Legion explained the importance of the bill, noting, "We know the road to ruin for the GI Bill begins when we forego our responsibility to ensure it's an honorable investment of our public dollars."¹⁵ Similarly, a spokesman for Student Veterans of America stated, "Veterans who desire a career in aviation should be able to achieve those goals, and not at the expense of the sustainability of the GI Bill."¹⁶

¹² Chris Harress, "GI Bill flight school benefits could be slashed by Congress amid tuition loophole controversy," International Business Times. (Feb. 9, 2016). <https://www.ibtimes.com/gi-bill-flight-school-benefits-could-be-slashed-congress-amid-tuition-loophole-2294612>.

¹³ Veterans Education Success. Statement for the Record. (Oct. 11, 2017). <https://vetsedsuccess.org/wp-content/uploads/2020/03/VES-SFR-HVAC-Flight-Training-Schools.pdf>.

¹⁴ *GI Bill Education Quality Enhancement Act of 2015*, H.R. 476, 114th Cong. (2015). <https://www.congress.gov/bills/114/congress/house-bill/476/text>.

¹⁵ Wentling, N. "Congressmen consider proposal to slash GI Bill flight school benefits. *Stars and Stripes*," (Oct. 11, 2017). <https://www.stripes.com/news/congressmen-consider-proposal-to-slash-gi-bill-flight-school-benefits-1.492095>.

¹⁶ *Id.*

Representatives from the Department of Veterans Affairs expressed their concerns to this Subcommittee, noting that, according to their VA data, "one student was charged more than \$534,000 in fiscal 2014 – a cost footed by taxpayers."¹⁷

VR&E exists to help veterans with service-connected disabilities obtain sustainable careers, and its funding should support training that leads to viable employment. Flight training programs are widely known to vary in cost and effectiveness. Without job placement data or clear pathways to employment, veterans could be left with training that does not translate into a career. We have previously reported how subpar colleges aggressively recruit veterans into programs that ultimately leave them ineligible for the careers they sought.¹⁸ This bill raises similar concerns, particularly given the aviation industry's strict FAA medical and certification requirements. A veteran who completes flight training only to later find they cannot meet the FAA's medical and certification requirements may be left without a career path and no way to recover their used benefits.

Current law offers suitable protections and should be maintained. The current requirement is that flight training be affiliated with a degree program at a properly accredited institution. This provides an important protection of oversight, ensuring a minimum standard of programmatic accountability, because accredited colleges will not approve partnerships with subpar flight schools that do not meet the minimum standards. By expanding eligibility to flight programs not affiliated with a properly accredited degree institution, this legislation removes those protections without establishing new ways to ensure program quality, cost-effectiveness, or employment viability.

This legislation poses significant risks to the population of disabled veterans who are interested in flight careers, but may be unaware of certain eligibility requirements for that career field. We appreciate the Subcommittee's attention to this issue and look forward to working together to ensure that VR&E remains a strong and effective pathway to meaningful employment for veterans.

DRAFT BILL, Guard and Reserve GI Bill Parity Act of 2025

This bill would expand Post-9/11 Educational Assistance eligibility to include National Guard Members performing active duty service. It broadens the definition of qualifying service to encompass various active and training duties as specified in Titles 10 and 32, and applies these provisions retroactively to service since September 11, 2001. The amendments will take effect one year after enactment.

The current law mandates that Guard and Reserve Members must have served at least 90 cumulative or 30 continuous days on active duty to accrue "qualifying days," creating a disadvantage in accessing their deserved GI Bill educational benefits. Despite the obligation for reserve component members to "serve in uniform" and fulfill duty responsibilities for a minimum of 39 non-consecutive days each fiscal year, these periods of service do not contribute toward Post-9/11 GI Bill eligibility.

¹⁷ *Id.*

¹⁸ Veterans Education Success, "Despite a 2016 Statute, the GI Bill Still Pays for Degrees that Don't Lead to A Job," (Apr. 2018), <https://vetsedsuccess.org/wp-content/uploads/2019/01/2018-career-ready-act-update.pdf>.

This discrepancy disadvantages reserve component members compared to their active component counterparts. While active duty members can receive Post-9/11 GI Bill credit for a training day, reservists currently cannot receive credit for the same service. The increased reliance on reserve capabilities has underscored the necessity for component interoperability. Unfortunately, the strides made in achieving interoperability have not been complemented by fair recognition and rewards for the skills and efforts required.

An Operational Assessment of Reserve Component Forces in Afghanistan, conducted by the Institute for Defense Analyses, revealed no discernible difference in performance between components in Operations Iraqi Freedom and Enduring Freedom.¹⁹ The study emphasizes that reserve forces were fulfilling their assigned tasks without significant variations from their active-duty counterparts. The shared burden and risk between both components highlight the importance of acknowledging the contributions of Guard and Reserve members.

To address this disparity, we strongly urge the Subcommittee to count all paid points days of Reserve and National Guard service members towards receiving the Post-9/11 GI Bill.²⁰ This encompasses days for training, active military service, inactive training, and general duty. This adjustment aims to ensure equitable treatment, recognizing the crucial contributions of reserve component members to military readiness. It is essential to promote fairness and acknowledge their vital role without compromising the integrity of the GI Bill system.

We also applaud this legislation for applying retroactively and that it would apply to all service performed on or after September 11, 2001. We appreciate the strong bipartisan support for this legislation, and are especially grateful to Ranking Member Takano, Rep. Mike Levin, and Rep. Trent Kelly for their stewardship of this legislation. We look forward to seeing this bill advance.

DRAFT BILL, Amending 38 U.S.C. § 3107 – Individualized VR&E Plan Review

This bill seeks to refine the review process for individualized Veteran Readiness & Employment (VR&E) plans under 38 U.S.C. § 3107, ensuring that plan redevelopment is based on clear, employment-related factors rather than broad discretionary determinations. The proposed changes would require the Secretary to justify plan modifications based on changes in a veteran's employment barrier or an increased likelihood of success under an alternative plan.

We conceptually support these changes as a reasonable step toward improving transparency and accountability in the VR&E program. A transparent plan review process, as proposed in this bill, can help reduce stress on veterans and improve the overall effectiveness of VR&E. Veterans contacting us continue to report confusing and inconsistent guidance from VR&E counselors, and we have long raised concerns that the process for securing VR&E benefits is often overly complex and stressful. Many veterans grow frustrated with arbitrary decision-making, including counselors steering them away from high-quality colleges with excellent veteran support and towards low-quality subpar programs or imposing inconsistent approval standards.

¹⁹ Joseph Adams, et al, Institute for Defense Analyses, Sharing Burden and Risk in another Theater: An Operational Assessment of Reserve Component Forces in Afghanistan, Paper P-8177 (Sep. 2018), <https://www.ida.org/research-and-publications/publications/all/s/sh/sharing-burden-and-risk-in-another-theater-an-operational-assessment-of-reserve-component-forces-in-afghanistan>.

²⁰ The term "paid points days" refers to days in which a service member receives credit in both retirement points and monetary compensation for that day of service. This is to differentiate between time served merely for points, such as off-duty education, versus time served for points and pay, such as a regular duty day.

By requiring VA to provide clear, employment-based justification for any modifications to a veteran's rehabilitation plan, this bill strengthens predictability and fairness in the program.

We would like to draw the Subcommittee's attention to a concern with the bill: As presently drafted, the bill could allow for an increase in plan modification requests without ensuring that changes are based on factors essential to a veteran's long-term employability. Instead, we recommend a more structured approach to ensure that plan changes are tied to a veteran's service-connected disability, a Vocational Rehabilitation Counselor's (VRC) determination that the original goal is no longer the best approach, or economic conditions that limit employment opportunities. However, we urge the Subcommittee to ensure that VA still maintains the ability to disapprove vocational goal changes when truly necessary.

Additionally, we encourage the Subcommittee to continue oversight of the VR&E program to ensure that these improvements translate into actual benefits for veterans. We support this proposal in principle, but recommend working closely with VA to ensure that the final language balances veteran flexibility and the goals of this proposal. We thank the Subcommittee for considering this bill and look forward to continued collaboration on this issue.

DRAFT BILL, Modernizing the Veterans On-Campus Experience Act of 2025

This bill would amend counselor requirements for educational and vocational counseling provided through VA's VetSuccess on Campus (VSOC) program. It strikes the mandate that "such counseling services shall be provided by employees of the Department who provide such services under section 3697A [of Title 38]".

This flexibility could help address the issue of limited resources at some institutions, ensuring that more veterans can access these services regardless of their location and the limitations inherent to the requirement of being a VA employee.

However, while we support this legislation in principle, we believe the legislation needs additional guardrails. We strongly recommend the addition of clear requirements and standards for counselors who are not VA employees. Additionally, we strongly recommend limiting the use of outside counselors to public or non-profit entities, who do not have a financial interest in the relationship, as a for-profit entity naturally would.

Finally, previous iterations of this legislation²¹ included a cap of 25 individuals a counselor could serve, a requirement that we supported.²² Limiting the total clients per counselor would help to maintain the quality and effectiveness of the counseling services, ensuring that each veteran receives personalized attention.

²¹ 118th Congress, Second Session. "H.R. 8646 - Modernizing the Veterans On-Campus Experience Act of 2024," (Jun. 5, 2024). <https://www.congress.gov/bills/118/congress/house-bill/8646>.

²² Veterans Education Success, "Subcommittee on Economic Opportunity Legislative Hearing on Pending Legislation," Statement for the Record. See page 4. (Jun. 12, 2024). <https://vetsedsuccess.org/wp-content/uploads/2023/06/Statement-For-the-Record-June-12th-Legislative-Hearing-Veterans-Education-Success.pdf>.

DRAFT BILL, Amending 38 U.S.C. § 3327 – Return of Buy-In Funds

This bill modifies 38 U.S.C. § 3327(f)(3) by adjusting the timing of lump-sum payments for service members who contribute additional funds toward educational assistance under Chapter 30. Specifically, it strikes the language that previously required these payments to occur before the exhaustion of entitlement, “together with the last payment of the monthly stipend payable to the individual under paragraph (1)(B) of section 3313(c) of this title, or under paragraphs (2) through (7) of that section (as applicable).”

We support this legislation as a practical change that provides greater financial predictability for student veterans. Previously, individuals could access their lump-sum contribution only at the end of their entitlement period, creating uncertainty; for those who have not, or will not, fully exhaust their benefits, they are never able to receive the payment. By decoupling this payment from the exhaustion of benefits, the bill ensures that GI Bill beneficiaries may receive their additional assistance more appropriately.

However, successful implementation will depend on clear guidance from VA regarding the exact timing and process for disbursement. If VA determines that lump-sum payments are to be made automatically at an earlier point, this could require adjustments to VA's payment processing systems. Additionally, beneficiaries must receive clear communication to avoid confusion about when and how they can expect their funds. We would encourage the Subcommittee to mandate VA to clearly articulate this through the Digital GI Bill platform.

We appreciate the Subcommittee's focus on improving the administration of GI Bill benefits and look forward to working together to ensure effective implementation of this policy.

DRAFT BILL, Veterans Readiness and Employment Transparency Act of 2025

The Veterans Readiness and Employment Transparency Act of 2025 seeks to improve access to information and support for veterans using the Veteran Readiness and Employment (VR&E) program. The bill would establish a direct hotline for veterans to inquire about VR&E, mandate more proactive community outreach efforts by VR&E, require an annual report on select program extension metrics, and establish a 30-day deadline for VA to process extension requests. These provisions are intended to improve transparency and efficiency, ensuring that veterans receive clearer guidance on their benefits and additional support in some areas.

We support this legislation as a step toward increasing accountability and accessibility in VR&E. Too often, veterans report difficulty navigating the program, struggling to get clear answers from VA or waiting too long for key decisions that affect their ability to complete their training. Establishing a dedicated point of contact for VR&E questions will help veterans get the information they need to make timely decisions. Additionally, requiring VA to conduct monthly Q&A sessions with school certifying officials and provide regular briefings at educational institutions will help address institutional confusion and misunderstandings about VR&E eligibility and benefits.

We also recognize the value of requiring annual reporting on program extensions, and have previously testified to the importance of data and transparency at VA.²³ Veterans may request extensions for legitimate reasons, such as unforeseen medical issues or program delays outside of their control. Tracking approvals and denials would provide Congress the ability to assess whether veterans are receiving appropriate consideration by VR&E counselors.

The most significant technical challenge in the legislation may be the requirement that VA process all VR&E extension requests within 30 days. While reducing wait times is critical, VA must be properly resourced to meet this deadline. Without sufficient staffing and administrative capacity, the requirement could lead to counselors arriving at rushed decisions, potentially counter to the interests of the veteran. We have previously testified that there must be more counselors for the numbers of veterans who need VR&E and that the ratio of counselor to veterans should be lower.²⁴

Overall, we believe this legislation takes meaningful steps toward improving veterans' experience with VR&E, and applaud Rep. Abe Hamadeh for sponsoring the bill. We appreciate the Subcommittee's focus on increasing transparency and efficiency in the program and look forward to working together to achieve a positive outcome with this proposal. We also urge the Subcommittee's attention to adequate staffing at VR&E.

Conclusion

Veterans Education Success sincerely appreciates the opportunity to express our views before this Subcommittee. We look forward to the discussion and review of these proposals, and we are grateful for the continued opportunities to collaborate on these topics.

²³ Veterans Education Success. "Our Written Testimony: Legislative Priorities Submitted to the Senate and House Committees on Veterans Affairs 2025," See pages 13-16, (Feb. 25, 2025). <https://vetsedsuccess.org/our-written-testimony-legislative-priorities-submitted-to-the-senate-and-house-committees-on-veterans-affairs-2025/>.

²⁴ Veterans Education Success. *Statement for the record: Legislative priorities submitted to the Senate and House Committees on Veterans' Affairs, 118th Congress, second session.* (Mar. 13, 2024). <https://vetsedsuccess.org/statement-for-the-record-legislative-priorities-submitted-to-the-senate-and-house-committees-on-veterans-affairs-2024/>.

Information Required by Rule XI2(g)(5) of the House of Representatives

Pursuant to Rule XI2(g)(5) of the House of Representatives, Veterans Education Success has not received any federal grants in Fiscal Year 2025, nor has it received any federal grants in the two previous Fiscal Years.

Information Required by P.L. 118-50, Division H, § 2(g)(1)

Pursuant to P.L. 118-50, Division H, § 2(g)(1), Veterans Education Success has not received any contracts, grants, or payments from a foreign government, a foreign adversary-controlled entity, or an entity or country of particular concern, as designated by the Secretary of State.

STATEMENTS FOR THE RECORD

Prepared Statement of National Alliance to End Homelessness



www.endhomelessness.org
IMPROVING POLICY | BUILDING CAPACITY | EDUCATING OPINION LEADERS

1518 K Street, NW, Second Floor | Washington, DC 20005
Tel 202.638.3526 | Fax 202.638.4664

March 11, 2025

The Honorable Derrick Van Orden
Chair, House Committee on Veteran Affairs
Subcommittee on Economic Opportunity
364 Cannon House Office Building
Washington, DC 20515

The Honorable Chris Pappas
Ranking Member, House Committee on Veteran
Affairs Subcommittee on Economic Opportunity
550 Cannon House Office Building
Washington, DC 20515

Dear Chairman Van Orden and Ranking Member Pappas:

The National Alliance to End Homelessness (hereinafter “the Alliance”) is a nonpartisan, nonprofit organization which is dedicated to ending homelessness in the United States. We use research and data to find solutions to homelessness; we work with federal and local partners to create a solid base of policy and resources that support those solutions; and then we help communities implement them.

On behalf of the Alliance, I want to express our support for two bills I understand will be considered at a March 11 hearing of the House Committee on Veteran Affairs Subcommittee on Economic Opportunity.

The HUD-VASH program consists of a Department of Housing and Urban Development (HUD) voucher and wraparound services provided by the Department of Veteran Affairs (VA). I had the privilege of being part of the federal team that designed and implemented the HUD-VASH program in its current form. It has been the cornerstone of our collective work to end homelessness among our nation’s veterans, and it has played a key role in the over 50% reduction in veteran homelessness since 2010. The Alliance is pleased to endorse the End Veteran Homelessness Act (H.R. 1957) because now is the time to update this highly successful program in order to increase utilization of vouchers and get even more homeless veterans into permanent housing, while continuing to serve those with acute needs with both housing assistance and wraparound services.

There are fewer homeless veterans than ever before, but in January of 2024 there were still 32,882 veterans residing in shelters or on the streets. Veteran homelessness has been reduced by more than one-half since 2011, but the number of veterans using HUD-VASH has stagnated at 80,000 over the last several years. The success of HUD-VASH requires us to rethink the program’s approach. How can we better use the program’s resources, particularly the proven winning formula of housing, services, and a Housing First approach as well as the nearly 30,000 unused vouchers, to achieve even greater success?

1. Continue to do what has made HUD-VASH the gold standard in homeless services: prioritize service to chronically homeless veterans, those veterans who have experienced unsheltered homelessness for a long period while suffering from one or more disabilities—a physical ailment, a mental illness, or substance use.
2. Expand program eligibility for the housing and services made available by HUD-VASH to thousands of additional veterans and their families if it is determined they are homeless or at risk of homelessness and do not need case management.
3. Rationalize the program by using all HUD-VASH vouchers and allowing veterans in non-veteran homelessness programs to transfer into HUD-VASH, thus freeing up more homelessness assistance for non-veterans in need.
4. And, finally, make it easier to use HUD-VASH vouchers by allowing public housing authorities to cover administrative fees to facilitate leases for veterans.

The Alliance strongly endorses the End Veteran Homelessness Act and we thank the bill's sponsors for their leadership: Representative Mark Takano (D-CA), the ranking member of the House Committee on Veteran Affairs; Representative Maxine Waters (D-CA), the ranking member of the House Committee on Financial Services; and Representative Mike Levin (D-CA), the previous ranking member of the Economic Opportunity Subcommittee.

The Alliance is also pleased to endorse legislation that would require VA to provide helpful guidance and programming for entities seeking grants to implement the Grant and Per Diem (GPD) program. The Simplifying Veterans Assistance Act (H.R. 1960) would help to involve new grantees in the application process and make it more likely that the most capable entities would be awarded GPD grants, especially given the important changes in the program that were enacted pursuant to The Elizabeth Dole 21st Century Veterans Healthcare Benefits and Improvement Act.

Thanks for your consideration of our views. Please alert the Alliance's John Threlkeld (jthrelkeld@naeh.org) if you have any questions or concerns.

Sincerely,



Ann Marie Oliva
Chief Executive Officer
National Alliance to End Homelessness
1518 K Street NW, 2nd Floor
Washington, DC 20005

Prepared Statement of BraunAbility and the National Mobility Equipment Dealers Association

Congressman Mike Bost (IL-12)
Chair, House VA Committee
Cannon HOB 352
Washington, DC 20515

Congressman Mark Takano (CA-39)
Ranking Member, House VA Committee
Rayburn HOB 2078
Washington, DC 20515

Statement for the Record on H.R. 1364 from BraunAbility and the National Mobility Equipment Dealers Association (NMEDA)

BraunAbility, an American manufacturer of disability-accessible vehicles, and the National Mobility Equipment Dealers Association (NMEDA), a non-profit trade association dedicated to improving the mobility industry and enhancing the independence of individuals with disabilities, support Congressman Barrett's bill, H.R. 1364, which would more clearly define what automobile adaptive equipment (AAE) qualifies as "medical services" under 38 USC 1701(6)(I).

BraunAbility was founded in 1972 by the late Ralph Braun, a smalltown American with spinal muscular atrophy who found himself unable to walk by age 15. Undaunted, Ralph became determined to find a way to stay mobile and founded BraunAbility, which continues manufacture various wheelchair accessibility products more than 50 years later. BraunAbility proudly serves America's disabled veterans by manufacturing a range of converted wheelchair-accessible vans and SUVs that help provide these heroes with mobility independence.

Since its founding in 1989, NMEDA has worked to advocate for safe and reliable transportation solutions for individuals with disabilities, including disabled veterans. NMEDA members include mobility equipment manufacturers, dealers, driver rehabilitation specialists, and other industry professionals who collaborate to provide quality adaptive solutions that meet the unique mobility needs of their clients. For over three decades, NMEDA has been dedicated to improving access to safe, reliable mobility products that enhance the independence of those with disabilities, including America's disabled veterans.

BraunAbility and NMEDA strongly support the changes that Congressman Barrett proposes in H.R. 1364. These changes will more clearly codify into statute the full range of AAE that qualifies as medical services, including some modifications that are not currently listed in statute, such as ramps and lowered floors. The addition of these items to the list of approved medical services will provide the United States Department of Veterans Affairs (VA) with clarity and consistency, allowing it to more effectively provide America's disabled veterans with the automobility care they need.

Moreover, BraunAbility and NMEDA support the inclusion in H.R. 1364 of the phrase "the provision of any medically necessary automobile adaptations," which helps clarify that the list provided at 38 USC 1701(6)(I) is not necessarily exhaustive. This change in language will allow VA to continue to cover medically necessary AAE as technology advances and new products become available. By codifying this inclusive language, Congress will ensure high-quality automobility care for America's disabled veterans.

BraunAbility and NMEDA support two minor changes to H.R. 1364, which we believe will more comprehensively cover automobile adaptive equipment. First, we propose a minor modification to item (v) under the change in Section 2. Our proposed change would read "(v) occupied and unoccupied mobility lifts." This clarification captures all BraunAbility mobility device lifts (under

Error! Unknown document property name.

"occupied") as well as all other potentially unoccupied mobility device lifts. Second, we propose adding an item (ix) to the changes in Section 2 that would read, "(ix) adapted seating." Adding adapted seating would capture transfer seat bases and turning/swiveling seats that are often used in adapted vehicles, but which are not explicitly identified under the current language. Find below a complete redline for Section 2 of H.R. 1364 that incorporates these changes.

BraunAbility is deeply integrated in the community of disabled veterans and thoroughly understands the challenges of providing high-quality AAE. NMEDA has long been a trusted resource in the mobility industry, supporting veterans and their families in accessing essential adaptive equipment solutions. We support H.R. 1364 because it will clarify and codify the range of adaptive equipment that VA is required to provide, benefiting America's disabled veterans.

Proposed Redline to H.R. 1364, Section 2

**SEC. 2. CLARIFICATION REGARDING INCLUSION OF MEDICALLY NECESSARY
AUTOMOBILE ADAPTATIONS IN DEPARTMENT OF VETERANS AFFAIRS
DEFINITION OF "MEDICAL SERVICES".**

Section 1701(6)(I) of title 38, United States Code, is amended to read as follows:

- “(I) The provision of any medically necessary 8 automobile adaptations, including—
- “(i) ramp and kneeling systems;
 - “(ii) raised doors or lowered floors;
 - “(iii) raised roofs;
 - “(iv) air conditioning;
 - “(v) *occupied and unoccupied* mobility device lifts;
 - “(vi) non-articulating trailers;
 - “(vii) ingress or egress accessibility modifications;
 - “(viii) wheelchair tiedowns; and
 - “(ix) *adapted seating*.”.

Sincerely,

Justin Riendeau
Associate Director of Product Safety & Compliance
BraunAbility

Justin Riendeau

Shawn Richmond
Government Relations and Public Policy
National Mobility Equipment Dealers Association

Shawn Richmond

Prepared Statement of Freedom Mortgage

Freedom Mortgage appreciates the opportunity to provide a Statement for the Record for this legislative hearing of the Subcommittee on Economic Opportunity. Freedom Mortgage is one of the largest mortgage originators and servicers in the United States. We serve over 2.5 million consumers across all U.S. states and territories (630,000 VA customers) and manage a mortgage servicing book with over \$630 billion in unpaid principal balances (\$180 billion for VA customers). Our mission is to foster homeownership across the markets we serve and maintain our customers for life. This mission continues to position us as one of the largest VA Home Loan program originators and servicers every year. Today's hearing raises important policy issues and legislative proposals related to servicing the mortgages of veterans and active-duty service members.

Importantly, this Subcommittee is studying the tools mortgage servicers have to sustainably keep Veterans and active-duty service members in their homes when they are facing episodic financial hardship and, ultimately, prevent avoidable foreclosure. The VA Home Loan program guidelines, as published through VA rule-making and in its servicing guidelines in VA Servicer Handbook M26-4, outline steps mortgage servicers may take, and programs they may utilize, under the process known as loss mitigation. Generally, loss mitigation discussions occur with a borrower when they are either delinquent on payments, in a forbearance plan, impacted by a natural disaster, or otherwise facing financial hardship. Servicers proceed through a "waterfall" of options, governed by VA Home Loan program regulations and guidance. Every borrower's circumstance is unique, and some loss mitigation steps or programs may work for one borrower, but not solve the problem for another borrower. At a high level, Freedom Mortgage supports the VA Department and this Committee in offering as many loss mitigation tools as possible to help sustainably avoid foreclosure, the costliest of all outcomes for all stakeholders: Veterans, servicers, investors, and communities. Maximum optionality to assist struggling borrowers helps achieve our shared goal of keeping Veterans and active-duty service members in their homes, when appropriate.

Today, this Subcommittee is discussing two important loss mitigation concepts in the VA Home Loan program. First, a "Partial Claim Program," which would enable a borrower to place their arrearage on the back end of their mortgage as a silent second mortgage. The second concept is the scope and functionality of the existing VA servicing purchase programs, including the VA Servicing Purchase Program (VASP), which is currently in place at the VA Department. Before sharing our views on each program, Freedom Mortgage would like to highlight the important context of the financial hardship affecting many Veterans and active-duty service member borrowers.

During the COVID-19 health emergency, and following economic disruption, Congress passed sweeping bipartisan Federal assistance through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. Notably, the CARES Act authorized broad-based mortgage forbearance assistance for borrowers who were impacted by COVID-19. This forbearance assistance was structured to give impacted borrowers payment relief during the duration of the national emergency. Many hundreds of thousands of borrowers, nationally, utilized this assistance to meet their economic hardship. While this assistance was needed during the national emergency, it did present long-term complications for borrowers who stayed in forbearance for an extended period of time (up to 18 months), or who may be in other types of forbearance arrangements. For example, when payments resumed, many borrowers were still faced with challenging personal economic hardships but without a loss mitigation solution that fit their needs.

Turning to the specific concepts being considered by this Subcommittee.

Partial Claim

Freedom Mortgage supports the adoption of a partial claim program within the VA Home Loan program loss mitigation waterfall. As this Subcommittee knows, the VA Department operationalized a temporary COVID-19 Partial Claim program, ending in October 2022 after running into budgetary challenges. A partial claim option allows many borrowers who have significant arrearage due to forbearance to resume their existing mortgage payments. The added benefit of this option is minimizing disruption to the capital markets. Having a partial claim program will also allow Veterans and active-duty service members to have loss mitigation options on par with their peer borrowers in the FHA program, which maintains a successful partial claim program. Freedom Mortgage supports the discussion draft legislation on partial claims and has shared specific ideas with this Subcommittee in its devel-

opment. We look forward to continued conversations to refine the program and see it implemented into law.

VASP

Freedom Mortgage encourages the VA Department to maintain the Veterans Affairs Servicing Purchase (“VASP”) program as a last-resort option in its loss-mitigation waterfall, especially with the current absence of an operationalized partial claim program. Freedom Mortgage, like many servicers, engaged with the VA Department in providing input as the VA created VASP. We recognize that any government program can always be improved for cost-effectiveness, public-private risk-sharing dynamics, and policy and timing clarity to market participants. Without question, VASP should continue to be reviewed to make it more effective and efficient, going forward. However, Freedom Mortgage is concerned that if VASP were significantly scaled back, or eliminated, then servicers would have very limited tools to help struggling borrowers stay in their homes, and the market may ultimately see an uptick in foreclosures. As noted above, the last thing Freedom Mortgage wants to do is initiate a preventable foreclosure and preserving loss mitigation tools is one proven way of preventing them. Freedom Mortgage looks forward to working with this Committee on helping to refine VASP to make it more effective and efficient for borrowers, servicers, and taxpayers.

Conclusion

Freedom Mortgage is supportive of the ongoing enhancement of loss mitigation options for the VA Home Loan program and its Veteran and active-service member beneficiaries, bringing its permanent, sustainable solutions on par with other Federal agency insurance and guarantee programs. We believe that the authorization and implementation of permanent VA Partial Claim Program will be an effective tool in providing a sustainable foreclosure avoidance option for VA borrowers, and will be a complement to VASP, which would reduce the number of borrowers utilizing a VASP solution.

Thank you for the opportunity to engage in this important debate. We applaud all in studying these critical housing issues that our Veterans and active-duty servicemembers face. We take our responsibility for our VA customers seriously, and we look forward to helping further the policy dialog to ensure a robust VA Home Loan program.

Prepared Statement of National Consumer Law Center



March 7, 2025

The Honorable Derrick Van Orden
Chairman, Subcommittee on Economic Opportunity
Committee on Veterans' Affairs
364 Cannon House Office Building
Washington, D.C. 20003

The Honorable Chris Pappas
Ranking Member, Subcommittee on Economic Opportunity
Committee on Veterans' Affairs
364 Cannon House Office Building
Washington, D.C. 20003

Dear Chairman Van Orden and Ranking Member Pappas,

Thank you for the opportunity to submit a letter for the record for the March 11, 2025
Subcommittee on Economic Opportunity Legislative Hearing.

On behalf of the clients, communities, and Veterans we represent, **we urge Congress and the Department of Veterans Affairs (VA) to ensure that mortgage relief options available for Veteran borrowers are commensurate with the options available to other borrowers with federally-backed mortgage loans. VA mortgage borrowers must have mortgage relief options that allow them to retain their home when possible, in order to prevent avoidable foreclosures and the associated increase in VA claim costs.**

To meet this standard, Veterans facing financial hardship should have an option that allows them to cure their delinquency and keep their pre-hardship payments if they can afford it, and an option that provides payment relief if that is necessary. The other federally-backed mortgage programs provide these types of options to borrowers who meet eligibility criteria, and Veterans should not have inferior service. Without such options, many VA borrowers will face unnecessary foreclosures, and the claims associated with these foreclosures will unnecessarily raise the budgetary cost of the home loan program for the VA and taxpayers because foreclosures are generally much more costly for the government than a home retention option that keeps the homeowner in the home.

We write with three requests:

1. VASP Should Not Be Unilaterally Limited or Halted

Currently, with the Veterans Affairs Servicing Purchase (VASP) program in place, Veterans generally have access to a relief option that can reduce their monthly payment, keep them in their home, and avoid the high cost of foreclosure. However, if VASP is prematurely terminated or limited before Congress provides the VA with additional policy tools or before VA develops additional policy tools that can be stood up and made readily available, Veteran borrowers will face otherwise preventable foreclosures, which harm the government through increased payouts as well as harm Veteran homeowners.

To be clear, this is not a theoretical exercise—as of February 2025, there were about 81,000 active-duty servicemembers or Veterans who had already missed 3 or more payments on their VA mortgages and were in default. Without VASP or immediate access to alternative policy tools that provide relief as described above, many of these homeowners will be forced to sell their homes and move or face foreclosure, burdening the VA program with claims from foreclosures that could have been avoided.

Accordingly, it is critical for Congress and the VA to ensure that a new program is already in place and operational prior to any steps being taken to limit VASP. For example, through limiting VASP to 250 loans per year, H.R. 1814, Restoring the VA Home Loan Program in Perpetuity Act of 2025 will ensure that the vast majority of Veteran borrowers have no economically viable relief option in place should they encounter unexpected financial disruptions if it is passed before an alternative is in place. And without an alternative home retention option, the 81,000 VA borrowers who are already seriously delinquent and any VA borrowers who encounter a future hardship may lose their homes to foreclosure unnecessarily, driving up the cost of the VA's home loan program.

While there has been no evidence of Veteran borrowers with high-interest rate loans strategically defaulting just to access a 2.50% VASP loan, VA could directly address this concern by adjusting VASP to target a 20% reduction in the borrower's monthly payment rather than a 2.50% interest rate. A 20% reduction in monthly payment has been proven to reduce redefault rates significantly. Making this adjustment would ensure that VA captures the savings from lower redefault and foreclosures rates without incurring the cost of providing an unnecessarily large amount of payment relief.

2. Veteran Borrowers Should Have Access to a Partial Claim Option

In creating cost-effective hardship options for Veteran mortgage borrowers, VA and Congress should explore a partial claim program, including legislation to clarify VA's authority to establish a partial claim if the agency believes such clarification would be helpful. However, to implement a permanent partial claim that is broadly available, we believe that Congress and VA must

consider what budgetary and program steps are needed to make the partial claim economically feasible for VA as an agency.

In order to ensure that Veteran borrowers have options for repaying partial claims that do not increase the risk of redefault and foreclosure and the cost to VA, VA borrowers should not have to pay interest on partial claims, and they should not have to make payments to repay the partial claim during the mortgage loan period.¹ Both requirements would increase the likelihood that a Veteran borrower who has just overcome a hardship and regained their financial footing falls behind on their payments again, increasing the odds that VA has to absorb the cost of a foreclosure claim.

3. Veteran Borrowers Need a Comprehensive VA Loss Mitigation Program

Our common objective is to offer Veterans a comprehensive home loan program that meets their needs throughout their lives. To achieve this goal, we are committed to working on a bi-partisan basis to reach common sense policy solutions to improve the long-term health of the VA Home Loan Guaranty program. We believe that Congress and the VA should consider a broader array of options for Veteran borrowers facing financial hardship. We pledge to work with Congress, VA, and other stakeholders to develop a comprehensive and cost-effective VA loss mitigation program that maintains the strength of the VA home loan program while providing Veteran borrowers facing hardship with economically viable options that allow them to retain their home and avoid foreclosure when possible.

We thank you for your work on behalf of Veterans and look forward to working with you on these issues.

Sincerely,

Center for Responsible Lending
National Consumer Law Center (on behalf of its low-income clients)

¹ Under H.R., VA Home Loan Program Reform Act, the Veteran borrower with a partial claim must either start making payments on the partial claim three years after it starts or interest will accrue.

**Prepared Statement of National Association of Veterans Program
Administrators**



NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS

STATEMENT FOR THE RECORD
DR. JAN DEL SIGNORE, LEGISLATIVE DIRECTOR
NATIONAL ASSOCIATION OF VETERANS' PROGRAM ADMINISTRATORS
TO THE
UNITED STATES HOUSE COMMITTEE ON VETERANS' AFFAIR
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
LEGISLATIVE HEARING
MARCH 11, 2025

Chairman Van Orden, Ranking Member Pappas, and Members of the Subcommittee:

Thank you for the opportunity to provide a statement for the record on matters that affect student veterans using their GI Bill® at this hearing on pending legislation. Consequences of previous legislation and VA interpretation have caused negative impact on student veterans. The National Association of Veterans Program Administrators (NAVPA) very much appreciates the opportunity to share our members' real live boots on the ground experiences of these issues.

NAVPA is a 501(c)(3) not-for-profit corporation who supports military connected education nationwide. NAVPA's membership includes over 400 public and private colleges and universities across the country that represent over 530,000 student veterans. Most of our membership is comprised of School Certifying Officials (SCOs) and school administrators who administer or oversee GI Bill® benefits for our student veterans. NAVPA has served as the voice of advocacy for veterans in higher education

since its founding in 1975. Our research, training, and policy initiatives have developed programs and support services to ensure veterans achieve their academic and professional goals. We appreciate the opportunity to share insight into the pending legislation topics that pertain to the Institutions of Higher Learning (IHLs) and how previous outcomes have affected our military connected students and veterans.

NAVPA would like to address the following topics:

- *H.R. 1527 Reforming Education for Veterans Act*
- *Veterans Readiness and Employment Transparency Act of 2025*
- *H.R. 1423 GI Bill® Parity Act*

The *H.R. 1527 Reforming Education for Veterans Act* identifies three separate issues. Section 2, *Absence From Certain Education Due To Certain Service*, addresses *P.L. 117-328 Consolidated Appropriations Act 2023, Section 216*. This law does not reinstate the student veterans' GI Bill® benefits if they are activated while in school. Mandating the institution to return all funds for services already rendered is a disservice to the institutional operations and students. Schools that serve active duty students must have a signed Department of Defense Memorandum of Understanding (DODMOU) where schools are required to follow the DOD directive of returning funds. Schools are required to return any unearned Federal Tuition Assistance (FTA) funds on a proportional basis through at least the 60 percent portion of the period for which the funds were provided.

Currently, schools are required to follow guidance from the Department of Education (ED) and the DOD in how to administer to students when or if they are activated while attending the institution. The ED currently has an outline under *section 484C of the Higher Education Act of 1965* for Institutional Readmission Requirements of Servicemembers and the Department of Defense Instruction, DODi1322.25 provides guidance that schools must adhere to. Additional information can be found in CFR 34, § 668.18 *Readmission requirements for servicemembers* which was codified under [20 United States Code \(U.S.C.\) Section 1091c](#).

Mandating that students receive an "Incomplete" grade removes the academic freedom of the faculty and the servicemember as the student may decide an "Incomplete" grade

is not in their best interest while they serve their country. Oftentimes, students that withdraw for military duty are focused on their mission and will retake the class upon their return to school as these deployments can be long lasting of 6-months to one year depending upon the mission. While NAVPA appreciates the language in H.R. 1527 to correct this disservice for students who are activated, we recommend a change in language to this Bill to reflect current procedures followed by the ED and the DOD for when servicemembers must withdraw or take a leave of absence to perform military duty in what is in the best academic interest of the military member.

NAVPA recognizes and understands the important role that Congress and the VA play in the oversight of veterans' educational benefits and thanks the Subcommittee on hearing real world outcomes from P.L. 117-333, *Veterans Auto and Education Improvement Act of 2022*, which added a time restraint upon the SCO to prepare for a VA Compliance Survey within a 10-business day notice period. Schools administering GI Bill® benefits want to do so correctly and efficiently while serving our student veterans.

The Compliance Survey change currently limits institutions to less than 10 business days to prepare for a review once notification is received. For large accredited IHL schools with massive quantities of information to organize and gather, this is not enough time. NAVPA members are reporting they must work with different departments across the campus to obtain the requested information that normally takes longer than the allotted time given by the VA.

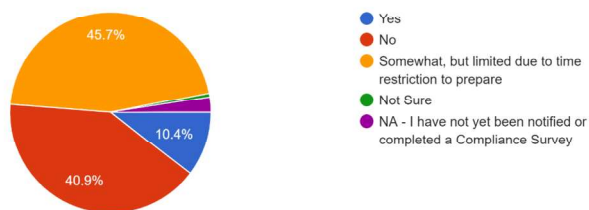
For smaller schools, the SCO is wearing a multitude of hats in addition to the many SCO responsibilities and struggles to provide this information accurately within the deadline. With this new limited time allotment, SCOs have reported working nonstop and overtime throughout the weekends to prepare for these site visits. Student veterans have limited to no access to their SCOs or administrative offices during the time SCOs are preparing for the compliance surveys.

NAVPA recently conducted a survey of our members and over 40% of the schools surveyed reported they had received fewer than the full 10 business days to prepare for

a VA Compliance Survey. Over 85% of participants responded they had limited or no time to serve their student veteran population during the preparation and survey.

5. Did you have sufficient time to prepare for the VA Compliance Survey and still meet your daily operational requirements as a School Certifying Official (SCO)?

164 responses



NAVPA members are reporting that there is not enough time to prepare for a VA Compliance Survey. Many schools are not receiving a reasonable amount of notification (current legislation is maximum of 10-business days) to prepare, organize, and upload the amount of documentation required. SCOs are working from the time they receive notification until the day of the site visit to gather the substantial amount of required documentation for the VA Compliance Survey, regardless of federal holidays, weekends, school mandated events, or personal life events. Recently, one school reported they were notified on the Thursday prior to Memorial Day for a Compliance Survey at their institution for the following Wednesday. That was a 3-business day notification over a federal holiday when the school was closed.

Centralized schools are reporting that they are being notified for different Compliance Survey locations on the same day. And once schools are notified, there is no flexibility in changing the deadline once the notification has been sent. Centralized schools usually have one SCO or perhaps more than one administering the GI Bill® benefit on behalf of their student veterans.

These centralized schools are categorized as one institution under the ED, their accreditors, has one governing body, one catalog and/or bulletin, and one team of SCOs performing all GI Bill® certification functions, but these surveys often overlap with

creating triple duty or more for the SCO at times. Having a multitude of Compliance Surveys on-going for the same school but at various locations places undue hardship on the institution and their student veterans taking the SCO away from serving their student veteran population.

Many SCOs are veterans themselves and are reporting they receive notification for a VA Compliance Survey during the same timeframe they have an appointment at the VA hospital. When the VA reviewer is told that there is a conflict, the reviewer cannot change the date as it is written in law that the institution cannot have more than a 10 day notice. There is no flexibility for extenuating life circumstances. This lack of flexibility is impacting veterans mental, physical, and social well-being. Other members have reported receiving their VA Compliance Survey notice during graduation, spring semester start week, over the Christmas holidays when the campus is closed, while on FMLA, and during freshman orientation and drop/add week taking the SCO away from their daily operations or a personal life event to host a visit from a VA representative. Per the SCO Handbook, student veterans receive consideration for what is known as *"Mitigating Circumstances" where there are circumstances beyond the student's control that prevent the student from continuing in school or that cause the student to reduce credits.* However, the SCO receives no consideration for being a human being nor has any flexibility even with valid reasons as to why a site visit should be rescheduled or given an extension to a later date. Flexibility should be granted and considered for valid extensions such as: federal holidays, school closures, FMLA, or even natural disasters. A NAVPA member reported having a VA Compliance Survey conducted the day prior to Hurricane Helene hitting their school limiting their time to prepare for this natural disaster.

NAVPA is very appreciative of Section 3 in H.R. 1527, *Department Of Veterans Affairs Compliance Surveys*, as it shows Congress is listening to the struggles placed upon their constituents by this time limitation. NAVPA recommends adding the language of **"NO LESS THAN"** be adopted to the current language, recommend 15 business days, and to have VA recognize institutions as a singular school as does ED and not have duplicity. In addition, NAVPA recommends adding flexibility to accommodate real world

FMLA events, federal holidays, school closures and/or events, and a natural disaster stipulation.

NAVPA recognizes that there are organizations who have never worked in higher education and do not understand what or how a VA Compliance Survey is conducted but do have extraordinarily strong opinions and assumptions about how and why these reviews *should* be conducted. These organizations have never experienced the pleasure of participating in or the amount of work that is involved in preparing for these visits so have no real concept or data to provide the negative impact of this time limitation. These organizations do not fully understand the safety protocols that were put in place by Congress with P.L. 116-315, Sections 1010, 1012, & 1013 and P.L 115-48, Section 310, to safeguard student veterans from predatory practices. These laws require both students and schools to confirm and certify students are attending courses while sections 1012, 1013 and 310 reinforced oversights of institutions to ensure quality education is being delivered by implementing the Risk-Based reviews by the State Approving Agency (SAA).

NAVPA supports Section 4 of H.R. 1527, *Notification Of School Certifying Officials Of Handbook Updates*, as SCOs need to be aware of changes implemented by the VA to stay in compliance with all federal regulations and guidance. Schools want to serve their students in the most effective way and need to have stronger communication and support from the VA. NAVPA supports *H.R. 1527 Reforming Education for Veterans Act* with the recommended modifications.

NAVPA recently testified in December 2024 on the *Effectiveness of the Veterans Readiness and Employment (VR&E) Program* with real world examples and experiences. NAVPA supports the *Veterans Readiness and Employment Transparency Act of 2025* to better serve our disabled student veteran population. Having a dedicated phone line for VR&E questions would greatly help our student veterans and SCOs when dealing with an absent/non-responsive VR&E counselor.

NAVPA supports *H.R. 1423 GI Bill® Parity Act* as we oftentimes see our National Guard and Reserve students being called up to support state and national emergencies. Our students' service should count towards their overall service to the country as it requires

sacrifice to help others. As recently as wildfires, several hurricane recoveries, or deployments have kept our students busy wearing the uniform and completing their mission to serve. A day activated in service full-time either under Title 32 or Title 10 should count towards eligibility for Chapter 33, Post 9/11 GI Bill® benefits.

In conclusion, NAVPA is committed to serving our student veterans and providing quality services to our nation's heroes and we thank the Committee for giving us this opportunity to share the insights into how previous laws have had unintended consequences on the student veteran and those institutions who serve them. We hope that by sharing the impact of this prior legislation, there can be productive discussion on how to best move forward in supporting the student veteran population considering these undue hardships. NAVPA is willing to assist in finding a solution.

Thank you for the opportunity to provide this statement for the record.

Prepared Statement of Student Veterans of America



**STATEMENT OF
STUDENT VETERANS OF AMERICA**

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

**HEARING ON THE TOPIC OF:
PENDING LEGISLATION**

March 11, 2025

655 15th Street NW, Suite 320
Washington, DC 20005

Phone: (202) 223-4710
Email: contact@studentveterans.org

studentveterans.org



Table of Contents

H.R. 913, the Streamlining Aviation for Eligible Veterans Act of 2025	2
H.R. 980, the Modernizing the Veterans On-Campus Experience Act of 2025	3
H.R. 1423, the Guard and Reserve GI Bill Parity Act of 2025	3
H.R. 1458, the Veterans Education and Technical Skills Opportunities Act of 2025	4
H.R. 1527, the Reforming Education for Veterans Act of 2025	5
H.R. 1793, the Veterans Readiness and Employment Transparency Act of 2025	5



Chairman Van Orden, Ranking Member Pappas, and Members of the Subcommittee: Thank you for inviting Student Veterans of America (SVA) to submit a statement for the record on the legislation pending before you today.

With a mission focused on empowering student veterans, SVA is committed to providing an educational experience that goes beyond the classroom. Through a dedicated and expansive network of on-campus chapters across the country, SVA aims to inspire yesterday's warriors by connecting student veterans with a community of like-minded chapter leaders. Every day these passionate leaders work to provide the necessary resources, network support, and advocacy to ensure student veterans, military-connected students, their families and survivors can effectively connect, expand their skills, and ultimately achieve their greatest potential.

SVA thanks the Subcommittee for considering several pieces of legislation that would impact student veterans, military-connected students, their families, caregivers, and survivors in higher education.

H.R. 913, the Streamlining Aviation for Eligible Veterans Act of 2025

SVA supports H.R. 916, *the Streamlining Aviation for Eligible Veterans Act of 2025*, which would allow Veterans Readiness and Employment (VR&E) benefits to be used for non-degree flight programs.

The purpose of the VR&E program is to provide all services and assistance necessary to enable veterans with service-connected disabilities to achieve maximum independence in daily living and, to the maximum extent feasible, to become employable and to obtain and maintain suitable employment.¹ This piece of legislation seeks to eliminate the unnecessary barrier between a veteran and their wish to pursue a career in the field of aviation — a field that is expected to have over 31,000 openings in the next decade.^{2 3} Allowing a veteran in the VR&E program to obtain the necessary licensure or certification—without requiring a degree—would bring them one step closer to securing gainful employment and help address the critical market gap for veterans with service-connected disabilities.

SVA acknowledges the potential benefits of creating parity between VR&E and GI Bill benefits but stresses the importance of incorporating robust safeguards. Given the history of Congress imposing and revising restrictions on VA funding for flight programs, SVA emphasizes that any expansion of VR&E benefits should include protections to prevent misuse of taxpayer dollars. Additionally, the legislation should ensure VR&E remains focused on supporting disabled veterans in achieving sustainable and meaningful flight careers.⁴ SVA recommends that the Subcommittee carefully examine the proposal to ensure it addresses historical concerns surrounding fraud, waste, and abuse in VA-

¹ 38 U.S.C. § 3100.

² Occupational Outlook Handbook: Airline and Commercial Pilots, Bureau of Labor Statistics.
<https://www.bls.gov/ooh/transportation-and-material-moving/airline-and-commercial-pilots.htm#tab-6>.

³ Occupational Outlook Handbook: Aircraft and Avionics Equipment Mechanics and Technicians, Bureau of Labor Statistics.

<https://www.bls.gov/ooh/installation-maintenance-and-repair/aircraft-and-avionics-equipment-mechanics-and-technicians.htm#tab-6>.

⁴ It is not clear that GI Bill flight training safeguards would necessarily extend to VR&E if the current version of this bill passed. Programs must be approved by VA to be paid for by VR&E, but GI Bill and VR&E approval is different. It is unclear whether GI Bill approval requirements for these courses, like those found in 38 U.S.C. 3034, would necessarily apply in the context of VR&E as the two benefits exist in separate chapters, and there is no language clearly incorporating the relevant GI Bill conditions into VR&E statutes or regulations. Compare 38 U.S.C. § 3034 with 38 § C.F.R. 21.292. The relevant GI Bill payment restrictions would also appear to not apply to the use of VR&E benefits for vocational flight training. See 38 U.S.C. § 3313.



supported flight programs.

H.R. 980, the Modernizing the Veterans On-Campus Experience Act of 2025

SVA supports H.R. 980, *the Modernizing the Veterans On-Campus Experience Act of 2025*, which makes certain improvements to the provision of on-campus educational and vocational counseling by the VA by eliminating the requirement that "such counseling services shall be provided by employees of the Department who provide such services under section 3697A [of Title 38]".

The VetSuccess on Campus (VSOC) program plays a crucial role in providing tailored guidance and resources to student veterans and their families.⁵ VSOC counselors are stationed at designated colleges and universities to assist with career counseling, benefits navigation, disability accommodations, and academic planning. Many veterans, especially those with service-connected disabilities, need additional support in adapting to the academic environment and identifying career pathways that align with their skills and aspirations. VSOC counselors help them maximize their VA education benefits, avoid predatory institutions, and secure internships or employment opportunities upon graduation. Additionally, VSOC locations often serve as hubs for veteran-specific programming, offering workshops on financial literacy, stress management, and job readiness.⁶

This legislation would expand eligibility criteria to allow professionals in related fields—including, but not limited to, benefits counselors, outreach specialists, and rehabilitation counselors—to provide these services. Increasing the availability of counselors would enhance student veterans' access to support, regardless of their location or the limitation tied to the requirement of being a VA employee. This added flexibility would help resource-constrained institutions better serve student veterans, ultimately creating a broader support network to assist them in achieving their educational and career goals.

H.R. 1423, the Guard and Reserve GI Bill Parity Act of 2025

For many years, SVA has advocated for improvements to the GI Bill to ensure that all veterans, including members of the National Guard and Reserves, receive equitable education benefits. This includes addressing disparities in benefits for those on active duty versus those serving in Guard and Reserve components.

National Guard and Reserve members are vital in our nation's defense. Members of the National Guard and Reserve face unique challenges in accessing education benefits that often place them at a disadvantage compared to both their active-duty counterparts and student veterans who have completed their service obligation.⁷ Unlike veterans who have transitioned fully into civilian life and can plan their education with relative stability, Guardsmen and Reservists must constantly balance military commitments with civilian responsibilities, including school,

⁵ Tepperman, J. (2024). *From service into students: An interview with LeNaya Hezel*. George W. Bush Presidential Center. <https://www.bushcenter.org/catalyst/memos-to-washington/from-service-into-students>.

⁶ U.S. Department of Veterans Affairs. (n.d.). *VetSuccess on Campus (VSOC)*. U.S. Department of Veterans Affairs. <https://www.va.gov/resources/vetsuccess-on-campus-vsoc/>.

⁷ Mobley, C., Lord, S. M., Main, J. B., Brawner, C. E., & Murphy, J. (2022). "Stepping Out" for Military Service: Challenges Experienced by Students Serving in the Reserves or National Guard. *Journal of Veterans Studies*, 8(3), pp. 222–238. DOI: <https://doi.org/10.21061/jvs.v8i3.346>



employment, and family obligations.⁸ One of the primary challenges they face is the unpredictability of their service obligations. Weekend drills, annual training requirements, and sudden short-term deployments can interfere with class schedules, making it difficult to maintain steady academic progress.⁹ Additionally, training exercises and mobilizations often require relocation, forcing students to withdraw from courses or navigate incomplete coursework with little institutional support. Unlike active-duty personnel who may have more predictable service schedules, National Guard and Reserve members can be called to duty with little notice, leaving them scrambling to adjust their academic and financial plans.

Ensuring that National Guard and Reserve members performing the same duties as active-duty personnel receive equivalent education benefits is not just a matter of fairness—it directly improves their financial stability and overall well-being. This legislation would create parity for National Guard and Reserve members and ensure that any day in uniform will count towards their education benefits. By providing equivalent benefits, we can ensure that their commitment to serving the nation does not come at the expense of their future educational and career prospects.

Each year SVA and the Veterans of Foreign Wars (VFW) provide a cohort of eligible student veterans with the opportunity to make an impact and raise awareness of a shared policy priority of SVA and VFW. This year, the chosen legislative topic was National Guard and Reserve Parity, further illustrating SVA's commitment to this important issue.

SVA strongly supports H.R. 1423, *the Guard and Reserve GI Bill Parity Act of 2025*, which addresses the longstanding disparity in educational benefits for members of the National Guard and Reserve components of the U.S. Military. SVA chapter members include these students, and challenges related to military service, to include financial access to education, should not be neglected, simply because of the manner of their command. Ultimately, this bill honors the commitment of these servicemembers by affording them the opportunity to pursue higher education and achieve their ultimate career goals. Providing equitable educational benefits can ease the financial strains of pursuing higher education, enabling National Guard and Reserve members to better manage both their military service and academic ambitions.

H.R. 1458, the Veterans Education and Technical Skills Opportunities Act of 2025

SVA supports H.R. 1458, *the Veterans Education and Technical Skills Opportunities Act of 2025*, which would change the approval criteria of certain independent study programs to include an institution of higher learning that is approved to participate or is participating in the student financial assistance program authorized under title IV of the Higher Education Act of 1965 (Title IV).

The Post-9/11 GI Bill provides veterans who served at least 90 days on or after September 11, 2001, with benefits to help them pay for school or job training.¹⁰ This legislation would extend Post-9/11 GI Bill educational benefits to veterans in an online or hybrid course of study that requires regular and substantive interaction between students and instructors in a skilled trade. These courses would give student veterans more opportunities to pursue their educational goals and obtain skilled employment.

⁸ Ibid.

⁹ Ibid.

¹⁰ Post-9/11 GI Bill (Chapter 33). VA.gov. Accessed March 10, 2025. <https://www.va.gov/education/about-gi-billbenefits/post-9-11/>.



H.R. 1527, the Reforming Education for Veterans Act of 2025

SVA supports Section 2 of H.R. 1527, *the Reforming Education for Veterans Act of 2025*, which seeks to provide student who are called to active duty an alternative to withdrawing from a course or taking a leave of absence if they have completed at least half of the course. This legislation would allow the student to "enter into an agreement with the institution" to "complete the course." This option, in addition to the protections provided by Isakson-Roe Act and Higher Education Opportunity Act, would provide the student the flexibility needed dependent on their individual situation.^{11 12} While SVA supports this section, we believe the language could be further improved as its current iteration does not reinstate the student veterans' GI Bill benefits if they are activated while in school. This section could better reflect current guidance found in Section 484C of the Higher Education Act of 1965 for Institutional Readmission Requirements of Servicemembers and the Department of Defense Instruction, DoDI 1322.25, which addresses situations where a servicemember must withdraw or take a leave of absence for military duty in a manner that best supports their academic interests.^{13 14}

SVA neither supports nor opposes Section 3 of H.R. 1527, *the Reforming Education for Veterans Act of 2025*, which limits the annual compliance survey of an "educational institution or training establishment[s] with multiple campus" to one complete survey. We encourage the Subcommittee to give this Section additional scrutiny.

Compliance surveys are just some of the many tools used to ensure that an institution complies with all applicable provisions of the laws administered by the VA. These surveys not only prevent institutional deficiencies or violations but also facilitate their identification and correction. Many student veterans and military-affiliated students rely on these reporting surveys to identify institutions that comply with the law, as the institution also receives funds from the VA. The one report limitation, as currently written, would eliminate duplicative work across an institution with multiple campuses while opening the door to bad actor institutions to hide under the guise of a well-performing institution in the same system. The circumstances and conditions located on one campus may not be the reflection of circumstances and conditions located on another.

SVA supports Section 4 of H.R. 1527, *the Reforming Education for Veterans Act of 2025*, which extends the notice deadline by the Secretary of the VA to notify an institution of any update to the VA's school certifying official (SCO) handbook. This bill ensures that institutions receive timely and adequate notice of changes, allowing SCOs to properly implement updated policies and procedures that impact student veterans. This ultimately strengthens the efficiency and effectiveness between the VA and SCO, ensuring that student veterans receive accurate, timely support in accessing their education benefits.

H.R. 1793, the Veterans Readiness and Employment Transparency Act of 2025

SVA supports H.R. 1793, *the Veterans Readiness and Employment Transparency Act of 2025*, require VA to establish a dedicated phone number within its education call center to address veteran questions about VR&E. This would aid many student veterans navigating the program as it relates to their eligibility of benefits, program approvals,

¹¹ Public Law 116-315, Section 1018.

¹² Public Law 110-315, Section 487.

¹³ Public Law 89-329, Section 484C.

¹⁴ Department of Defense Instruction regarding Voluntary Education Programs 1322.25, <https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/132225p.pdf>.



supplies and equipment approvals, and housing needs.

The VR&E program—formerly known as Vocational Rehabilitation and Employment—has continually evolved to better serve veterans and service members with service-connected disabilities. This unique program is designed to help them prepare for, secure, and sustain meaningful and suitable employment.

Even though VR&E plays a crucial role in workforce reintegration, it is plagued by inconsistencies in service delivery, often leaving veterans in precarious financial and academic situations.¹⁵ A recent SVA survey of VR&E participants highlighted significant shortcomings, including inconsistent counselor guidance, lengthy delays in processing benefits, and inadequate financial support for students balancing education and cost-of-living expenses.¹⁶ Additionally, over a third of veterans reported that their Vocational Rehabilitation Counselors (VRCs) were rarely or never available by phone.¹⁷ Delays in responses—sometimes weeks or months—led to setbacks in academic and career progress. Nearly half of the respondents (48%) reported meeting with their VRC within 1–3 months of entering the program.¹⁸ However, almost 20% waited 4–6 months or longer, which correlated with a higher likelihood of dissatisfaction.¹⁹ VRC accessibility varied widely with 38% reporting that their VRC was rarely or never available and only one-in-four reporting their VRC was always reachable.²⁰

Even though the establishment of a national call center to answer general questions would be an improvement to the VR&E program by lowering its barrier-to-entry, this information could also be found online. It should be the VRCs that answers a student when they have a question about their disabilities, employment goals, and vocational rehabilitation plan.

SVA would like to emphasize their support for this legislation, as it is a step in the right direction. However, there is more to be done. The VR&E program has the potential to be a lifeline for our veterans, but its current shortcomings must be addressed to realize that potential. By prioritizing communication, training, and accessibility, we can honor the service of our veterans by ensuring their successful transition to civilian life.

○

The continued success of veterans in higher education in the Post-9/11 era is no mistake or coincidence. In our Nation's history, educated veterans have always been the best of a generation and the key to solving our most complex challenges. Today's student veterans carry this legacy forward.

We thank the Chairman, Ranking Member, and the Subcommittee Members for your time, attention, and devotion to the cause of veterans, military-connected students, their families, caregivers and survivors.

¹⁵ Student Veterans of America. (2024, December 11). *Testimony before the Subcommittee on Economic Opportunity of the Committee on Veterans' Affairs. U.S. House of Representatives: Examining the effectiveness of the Veterans Readiness and Employment (VR&E) program.* <https://docs.house.gov/meetings/VR/VR10/20241211/117750/HHRG-118-VR10-20241211-SD003.pdf>

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

Prepared Statement of Veterans Education Project



The Veterans Education Project

Statement For the Record

**United States House
Committee on Veterans' Affairs
Subcommittee on Economic Opportunity**

On

Proposed Legislation

March 10, 2025



Veterans Education Project
<https://veteranseducationproject.org/>

The Veterans Education Project (VEP) is a nonprofit Veteran Service Organization that aims to highlight innovation within higher education and to support veteran and military students. The Veterans Education Project is committed to nonpartisan research, engagement, and policy implementation in our efforts to support institutions that meet the needs of student veterans, and guarantee the benefits and support systems necessary for veteran and military students to succeed.

Headquartered in Washington D.C., VEP originated from the Enlisted Association of the National Guard of the United States (EANGUS) before branching off in 2021. Since, VEP has partnered with institutions to form pilot programs for accelerated degree pathways for members of Special Operations Forces, while supporting important and necessary legislation for the veteran community, postsecondary accountability, and innovative postsecondary programming that accelerates the socioeconomic advancement of veteran and military students.

The Veterans Education Project was founded by Daniel Elkins, a veteran of the 19th Special Forces Group, and continues to advocate for veteran and military students under the leadership of its new Executive Director, Donald Franklin.

President – Daniel Elkins
Executive Director – Donald Franklin



**STATEMENT FOR THE RECORD
SUBMITTED TO THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
119TH CONGRESS, FIRST SESSION**

MARCH 10, 2025

Chairman Van Orden, Ranking Member Pappas, and Members of the Subcommittee:

We are grateful for the opportunity to provide a statement for the record to be considered during this hearing, which includes many notable bills addressing topics in higher education and veterans' education benefits. The Veterans Education Project's mission is to advocate for veterans, service members, and their families to receive fair and equitable access to education benefits and high-quality postsecondary programs that uplift their socioeconomic standing and provide pathways to rewarding, purpose-driven lives.

In this statement, we address the following legislative proposals: the *Guard and Reserve GI Bill Parity Act of 2025*; the *Modernizing the Veterans On-Campus Experience Act of 2025*; the *Veterans Education and Technical Skills (VETS) Opportunity Act of 2025*; the *Reforming Education for Veterans Act*; the *Veterans Readiness & Employment Transparency Act*; and *H.R. 1872*.

We applaud the Committee's commitment to the educational needs of our Nation's veterans and servicemembers, and look forward to working on the advancement of these important issues to best serve those who have served us.

H.R. 1423, the Guard and Reserve GI Bill Parity Act of 2025

To amend title 38, United States Code, to expand eligibility for Post-9/11 Educational Assistance to members of the National Guard who perform certain full-time duty, and for other purposes.

The GI Bill Parity Act would expand Post-9/11 GI Bill eligibility to include National Guard and Reserve members by ensuring all qualifying service under Titles 10, 14, and 32 counts toward earning benefits. This bill corrects a longstanding inequity that has left many Guard members ineligible for these benefits despite serving in the same capacities as their Active Duty counterparts. Importantly, it also applies retroactively to service performed since September 11, 2001, and takes effect one year after enactment.

For too long, National Guard members have been disadvantaged by outdated policies that fail to recognize their service. Under current law, Guard and Reserve members must serve at least 90 cumulative or 30 continuous days on active duty to qualify for benefits, while their required training and operational duties, totaling at least 39 days per fiscal year, do not contribute to eligibility. This bill ensures that every day in uniform counts, recognizing the vital role Guard and Reserve members play in national defense, disaster response, and homeland security.

The Veterans Education Project (VEP) strongly supports this legislation and commends the Committee for working to correct this disparity. We especially appreciate the leadership of Representative Levin in championing this effort since the 116th Congress. We support this legislation and look forward to seeing it advance.



H.R. 980, the Modernizing the Veterans On-Campus Experience Act of 2025

To amend title 38, United States Code, to make certain improvements to the provision of on-campus educational and vocational counseling by the Department of Veterans Affairs, and for other purposes.

The Modernizing the Veterans On-Campus Experience Act of 2025 enhances the Department of Veterans Affairs' VetSuccess on Campus (VSOC) program by improving access to on-campus educational and vocational counseling for student veterans. This bill adjusts counselor qualifications, ensures manageable caseloads of no more than 25 veterans per counselor, and most importantly, allows counselors to serve multiple campuses. These provisions maximize the reach of VSOC counselors and improve the efficiency of VA resources.

By allowing VSOC counselors to serve multiple campuses, this bill directly addresses the challenge of limited counselor availability at institutions of higher education that seek to best serve their veteran population. Many student veterans currently struggle to access support due to resource constraints at their schools. The increased flexibility in counselor assignments ensures that more veterans, regardless of their location, receive the guidance they need to succeed in higher education and career planning.

The Veterans Education Project (VEP) supports this legislation as a practical and necessary improvement to the VSOC program. We commend Representative Van Orden for his leadership on pushing for more efficient VA programs.

H.R. 1458, the Veterans Education and Technical Skills (VETS) Opportunity Act of 2025

To amend title 38, United States Code, to modify the criteria for approval of certain independent study programs for purposes of the educational assistance programs of the Department of Veterans Affairs.

The Veterans Education and Technical Skills (VETS) Opportunity Act of 2025 expands Post-9/11 GI Bill benefits to include partially online programs such as hybrid skilled trade educational programs. This legislation modernizes veterans' education benefits to reflect the evolving landscape of workforce development and educational innovation. By allowing hybrid skilled trade programs to qualify for GI Bill funding, this bill ensures that veterans can access high-quality education and career opportunities that align with their needs as non-traditional students.

This reform is especially important for veterans who are balancing multiple obligations such as work and family responsibilities, and therefore cannot attend a full-time, four-year, in-person program that caters to the traditional student demographic. Limiting veterans' educational opportunities can deter veterans and servicemembers from pursuing the training that will propel them into the civilian workforce after a military career. Hybrid learning models provide the flexibility necessary for veterans to upskill and transition into high-demand industries while accommodating their unique circumstances.

The Veterans Education Project (VEP) supports this common-sense legislation, as well as further programmatic expansions of the Post-9/11 GI Bill that meet the needs of student veterans where they are. Furthermore, it removes unnecessary restrictions on schools that are adapting to better serve the veteran community. We commend Representative Ciscomani for his leadership on this issue and look forward to working with staff to ensure its passage.



H.R. 1527, the Reforming Education for Veterans Act

To amend title 38, United States Code, to make certain improvements to the laws administered by the Secretary of Veterans Affairs relating the educational assistance, and for other purposes.

The Reforming Education for Veterans Act improves educational flexibility for servicemembers, particularly National Guard members, who are enrolled in higher education. This legislation ensures that those who receive orders during a semester will not lose their educational progress if at least 50% of the course has been completed.

This bill provides essential protections for student servicemembers by allowing them to enter into agreements with their institutions to complete courses at a later date, take a leave of absence, or withdraw and receive a grade for their completed course work. This flexibility is critical for National Guard members, who are often called to duty unexpectedly and face disruptions in their education.

Additionally, the bill streamlines compliance requirements for institutions of higher education managing VA education benefits by allowing schools with multiple campuses to complete a single compliance survey, provided that one School Certifying Official oversees veteran enrollment for all campuses. This reduces administrative burdens on institutions while maintaining oversight of veterans' education benefits.

The Veterans Education Project (VEP) supports this legislation as a necessary step in reducing bureaucratic obstacles for Veterans pursuing higher education in parallel to their service as well as the institutions of higher learning that cater to them. We thank Representative John James for his leadership on this issue and look forward to seeing it advance.

H.R. 1793, the Veterans Readiness & Employment Transparency Act

To amend title 38, United States Code, to provide for outreach requirements for Department of Veterans Affairs training and rehabilitation programs for veterans with service-connected disabilities, and for other purposes.

The Veterans Readiness & Employment (VR&E) Transparency Act addresses longstanding challenges veterans face in accessing the VR&E program, including excessive wait times, lack of communication from counselors, and bureaucratic hurdles. This legislation enhances transparency, accessibility, and efficiency within the VR&E program to ensure veterans with service-connected disabilities receive the support they have earned.

By requiring each regional office to display contact information for VR&E inquiries, establishing a dedicated VR&E hotline, and mandating regular Q&A sessions between regional offices and educational institutions, this bill improves communication between veterans, schools, and the VA. Additionally, it strengthens oversight of the benefit extension waiver process by mandating annual reports and requiring extension requests to be processed within 30 days. These provisions will help reduce the significant delays veterans currently face, which range from two weeks to over 150 days.

The Veterans Education Project (VEP) strongly supports this legislation. VR&E programs are a vital resource for veterans seeking job training, education, and employment accommodations, so improving access to these benefits is essential. Greater transparency and accountability will reduce wait times, ensure veterans receive timely support, and provide recourse if they do not. We congratulate



Representative Hamadeh on introducing this issue and look forward to working with staff to ensure its passage.

H.R. 913, the Streamlining Aviation for Eligible Veterans Act of 2025

To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to approve a rehabilitation program for certain veterans with service-connected disabilities that include the pursuit of non-degree flight training programs, and for other purposes.

The Streamlining Aviation for Eligible Veterans Act of 2025 expands vocational rehabilitation opportunities for veterans by allowing non-degree flight training programs to qualify for funding under the Veteran Readiness and Employment (VR&E) program. Currently, VR&E funding is restricted to flight training programs tied to traditional four-year degree institutions, despite the fact that most major airlines no longer require a college degree to enter the profession.

This bill modernizes the eligibility requirements for vocational flight training, allowing veterans with service-connected disabilities to complete their training directly through accredited flight schools. By removing unnecessary barriers, this legislation provides greater flexibility for veterans pursuing careers as commercial pilots while also helping to address the ongoing U.S. airline pilot shortage.

The Veterans Education Project (VEP) supports this legislation, as it empowers veterans to take a faster and more cost-effective path to a well-paying civilian career in an industry that urgently needs trained professionals. We commend Representative Obernolte for recognizing this commonsense solution and look forward to its passage and implementation.

H.R. 1872

To amend title 38, United States Code, to ensure that the Secretary of Veterans Affairs repays members of the Armed Forces for certain contributions made by such members towards Post-9/11 Educational Assistance.

H.R. 1872 ensures that veterans receive their GI Bill benefit payments and housing stipends on time. Delays in payments from the Department of Veterans Affairs (VA) cause financial hardships for veterans, including late tuition and housing payments, jeopardizing their education and housing stability. These delays are also cause for concern among educational institutions and housing suppliers.

This bill mitigates these risks by requiring the VA to ensure the timely disbursement of GI Bill benefits. By addressing past inefficiencies in the payment system, the legislation helps prevent undue financial strain on veterans and reinforces trust in the GI Bill program among schools and housing providers.

The Veterans Education Project (VEP) supports this legislation as a crucial measure to protect veterans from financial instability caused by administrative delays. Ensuring that veterans receive their earned benefits on time is essential to their success in higher education and beyond. We thank Representative Jackson for addressing this overlooked issue and look forward to working with staff to ensure its passage.

Ending Statement



The Veterans Education Project thanks the Committee for the opportunity to provide statements on the legislation before you. We look forward to working with you to ensure that veterans pursuing higher education are best served by your efforts.

Donald Franklin
Executive Director
Veterans Education Project

