

**STATEMENT OF JOSEPH GARCIA,
EXECUTIVE DIRECTOR, EDUCATION SERVICE
VETERANS BENEFITS ADMINISTRATION
DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
U.S. HOUSE OF REPRESENTATIVES**

October 18, 2023

Chairman Van Orden, Ranking Member Levin and other Members of the Subcommittee, thank you for inviting us here today to present our views on several bills that would affect VA programs and services. Joining me today are Mr. Nick Pamperin, Executive Director of Veterans Readiness & Employment Services, and Mr. James Ruhlman, Deputy Director of Education Service.

H.R. 522 Deliver for Veterans Act

This bill would amend 38 U.S.C. § 3902(a) to add the total shipping price to deliver an automobile or other conveyance to the financial assistance provided to a Veteran as part of VA's purchase of an automobile or other conveyance for an eligible Veteran.

VA supports this bill, subject to the availability of appropriations. It is a Veteran-centric bill that could increase the automobile or other conveyance allowance benefit for Veterans.

Under section 3902(a), the total purchase price of an automobile or other conveyance currently includes payment of all state, local and other taxes in VA's automobile allowance benefit. However, the Veteran bears an unstated and unintended burden for any shipping costs relating to a vehicle's purchase. Amending the law to include the shipping cost could remove a cost burden to any Veteran using this benefit.

This bill has no additional language to define what constitutes "total shipping price" for delivery to the Veteran. Shipping prices can vary depending on the geographical locations involved and the shipping methods used. VA could implement this section in regulation to define more specific parameters on how shipping costs would be defined and calculated.

Additionally, VA notes that if this bill were enacted, the limit on the total amount of authorized financial assistance as defined in sections 3902(a) and (e) would remain intact. Section 3902(a) states: "The Secretary, under regulations which the Secretary shall prescribe, shall provide or assist in providing an automobile or other conveyance to each eligible person by paying the total purchase price of the automobile or other conveyance (including all state, local, and other taxes) or \$18,900 (as adjusted from time to time under subsection (e)), whichever is the lesser." Thus, shipping costs would

be paid only if the total purchase price of the vehicle is less than the current maximum payment of \$24,115.12, effective October 1, 2022.

In the context of automobile allowance benefits for Veterans, VA recommends that Congress make technical corrections to amendments made by section 22 of the Veterans Auto and Education Improvement Act of 2022 (P.L. 117-333). Section 22 amended the definition of medical services under 38 U.S.C. § 1701(6) to include the provision of medically necessary van lifts, raised doors, raised roofs, air conditioning and wheelchair tiedowns for passenger use. We understand this section was intended to codify VA's existing practice of furnishing certain items, including van lifts, raised roofs, air conditioning and wheelchair tiedowns for passenger use as articulated in paragraph 5.e. of Veterans Health Administration (VHA) Handbook 1173.4, Automobile Adaptive Equipment Program. However, VHA has used these as examples, whereas the statute defines these specifically as the only types of modifications that are permissible.

Consequently, we recommend technical amendments to 38 U.S.C. § 1701(6) to authorize lowered floors, ramp and kneeling systems, mobility device lifts (not just van lifts) and ingress or egress accessibility modifications. We also recommend wheelchair tiedowns not be limited for passenger use. We believe these changes would reflect Congressional intent and not inadvertently limit the scope of an existing benefit. VA's practice has evolved, consistent with its policy and with industry standards, to include modifications to the types of vehicles Veterans most frequently drive—minivans, trucks and sport utility vehicles.

Mandatory costs to the Readjustment Benefits account are estimated to be \$8.5 million in 2024, \$62.3 million over five years, and \$132.7 million over 10 years. No discretionary costs are associated.

H.R. 2830 Veteran Improvement Commercial Driver License Act of 2023

This bill would amend 38 U.S.C. § 3680A(e) to modify the rules for approval of commercial driver education programs. Currently, under section 3680A(e)(2), the Secretary may not approve the enrollment of an eligible Veteran in a course not leading to a standard college degree offered by a for-profit or non-profit educational institution if the course is offered at a branch of the educational institution and the branch has been operating for less than 2 years. The bill would exempt a commercial driver education program from this limitation if the commercial driver education program for a branch of an educational institution is appropriately licensed and uses the same curriculum as a commercial driver education program offered by the educational institution at another location that is approved under 38 U.S.C. Ch. 36 by a State Approving Agency (SAA) or the Secretary when acting in the role of an SAA.

To be exempt, the educational institution providing the commercial driver education program offered at a branch would have to submit a report to the Secretary each year that demonstrates that the curriculum at the new branch is the same as the

curriculum at the primary location. The report would have to be submitted in accordance with requirements established by the Secretary in consultation with SAAs. VA would have to establish the report requirements not later than 180 days after the date of enactment.

The Secretary could withhold an exemption for any educational institution or branch of an educational institution as the Secretary considers appropriate. In making an exemption determination, the Secretary could consult with the Secretary of Transportation on a provider's performance of a commercial driver program, including the status of the provider within the Training Provider Registry of the Federal Motor Carrier Safety Administration when appropriate.

The amendments made by this bill would apply to commercial driver education programs on and after the date that is 180 days after the date the Secretary establishes the reporting requirements.

VA supports this bill. VA believes permitting approval of a course offered at a branch with less than a 2-year operation period under certain circumstances would provide more training opportunities for Veterans and boost employment in this occupational area, while still maintaining SAA authority and oversight.

No mandatory or discretionary costs are associated with this bill.

H.R. 3601 Student Veteran Work Study Modernization Act

This bill would establish a 5-year pilot program to expand eligibility for the work-study allowance under 38 U.S.C. § 3485 to Veterans participating in a rehabilitation program or education program at a half-time training rate or more. The bill would require the VA to provide a report 180 days after the enactment of the bill (and then annually thereafter) to Congress regarding Veterans who participate in work-study. The report would have to include information regarding the number of participating Veterans, the percentage of Veterans who obtain a 4-year degree and the number of Veterans who obtain full-time work at VA. The bill would be subject to the statutory Pay-As-You-Go Act of 2010 and must show how the bill would affect mandatory spending and revenues.

VA would support the bill, if amended, and subject to the availability of appropriations. VA recommends, in lieu of a 5-year pilot program, Congress amend 38 U.S.C. § 3485 to permanently allow for Veterans in a rehabilitation program or education program participating at a rate equal to at least half-time of that required of a full-time student to participate in the work-study program.

Mandatory costs to the Readjustment Benefits account are estimated to be \$3.2 million in 2024, \$19.6 million over five years, and \$19.6 million over 10 years. VA anticipates discretionary costs for H.R. 3601; but, due to the comprehensive nature of this bill, a complete analysis could not be completed, and additional time is needed to provide an accurate cost estimate.

H.R. 3722 Amendment in the Nature of a Substitute to Daniel J. Harvey, Jr. and Adam Lambert Improving Servicemember Transition to Reduce Veteran Suicide Act

Section 2(a) of this bill would amend 10 U.S.C. § 1142(b) and require the Department of Defense (DoD) to cover the following mental health information during pre-separation counseling:

- (1) The availability of mental health services furnished by the appropriate branch of service, DoD, VA or a non-profit entity;
- (2) The treatment of post-traumatic stress disorder, traumatic brain injury, anxiety disorders, depression, chronic pain, sleep disorders, suicidal ideation or other mental health conditions associated with military service;
- (3) The risk of suicide, including signs, symptoms and risk factors (including adverse childhood experiences, depression, bipolar disorder, homelessness, unemployment and relationship strain);
- (4) The availability of treatment options and resources to address substance abuse, including alcohol, prescription drug and opioid abuse;
- (5) The potential effects of the loss of community and support systems experienced by a member separating from the Armed Forces;
- (6) Isolation from family, friends or society; and
- (7) The potential stressors associated with separation from the Armed Forces.

Section 2(b) would amend 38 U.S.C. § 6320(b)(1) by requiring the VA Solid Start (VASS) program to assist eligible Veterans who elect to enroll in the patient enrollment system and to educate Veterans about mental health and counseling services available through Veterans Health Administration (VHA). Section 2(c) would require DoD and VA to jointly submit a report to Congress on the information and materials developed pursuant to the amendments made by this bill.

VA would support section 2 of this bill, if amended. Collaboratively, VA and DoD use several programs to provide benefits and services aimed to help reduce or eliminate risk factors associated with suicide while increasing protective factors for Veterans. VA could work with DoD to provide the information outlined under section 2(a) through the interagency governance structure for the Transition Assistance Program (TAP). VA supports section 2(a).

With regards to section 2(b), VA has concerns the bill may restrict the intent of the VASS program. Under current 38 U.S.C. § 6320, VASS employees conduct individualized conversations truly tailored to the unique situation and needs of recently separated Service members to increase awareness and use of VA benefits and services.

The Veterans Benefits Administration (VBA) launched VASS in December 2019 to provide support for recently separated Veterans. Through VASS, VA provides early and consistent caring contact to newly separated Veterans at least three times during their critical first year of transition from the military at 0-90, 91-180 and 181-365 days

post-discharge from active duty. During these calls, specially trained VA representatives address issues or challenges the Veteran identifies and assist them access benefits, services, health care (including mental health care), education and employment opportunities. After each successful connection, the VASS representative provides the Veteran a comprehensive follow-up email that provides information on all issues discussed and lists connections for additional support and assistance. This email specifically provides contact information for service organizations and connections to state Veteran resources, based on information provided by the Veteran regarding where they currently or intend to reside. For fiscal year (FY) 2023, VASS successfully connected with 197,615 (72.1%) eligible Veterans. VASS also provides priority contact to individuals meeting certain risk factors during the last year of active duty, supporting a successful transition to VA mental health care treatment.

VASS representatives receive special training to identify recently separated Service members who may be at-risk, and procedures are in place to facilitate an immediate warm transfer to the Veterans Crisis Line, when appropriate. VASS ensures all Veterans are given resources and assistance for the full array of VA benefits and services based on their personalized VASS interview. Additionally, VASS employees currently assist eligible Veterans with VHA enrollment when desired by the Veteran and provide information about mental health care and counseling services when driven by the Veteran's needs. Having the current section 2(b) language mandated in statute would curtail the flexibility for individualized conversations.

VA feels adding new section 6320(b)(1)(G) and (b)(1)(H) would be unnecessary as they are duplicative of the work already done under the VASS program, as summarized above. Further, new subparagraph (H) would require the VASS program to provide this information to all VASS-eligible individuals, regardless of their interest in the service, which would undermine program goals of a personalized VASS experience tailored to the unique needs of the Veteran. VA would be required to allocate resources to allow for the extended time it would take to discuss these services with each VASS-eligible individual, which could negatively impact the overall program's successful connection rate. VA would need funding to support the implementation and maintenance of this bill. For these reasons, VA recommends removal of section 2(b) from the bill.

No mandatory costs are associated with this bill. No discretionary costs are associated with this proposed legislation, if requested amendments are made.

H.R. 3738 Establishment of Veterans Economic Opportunity and Transition Administration

Section 1 of this bill would create a new 38 U.S.C. Ch. 80 and establish within VA a new Veterans Economic Opportunity and Transition Administration (VEOTA) with the function of administering VA programs that provide assistance related to economic opportunity to Veterans and their dependents and survivors.

Under proposed 38 U.S.C. § 8002, VEOTA would be responsible for administering the following VA programs:

- (1) Vocational rehabilitation and employment programs;
- (2) Educational assistance programs;
- (3) Veterans' housing loan and related programs;
- (4) Verification of small businesses owned and controlled by Veterans pursuant to 38 U.S.C. § 8127(f), including the administration of the database of Veteran-owned businesses;
- (5) the Transition Assistance Program (TAP) under 10 U.S.C. § 1144; and
- (6) Any other VA program the Secretary determines appropriate.

Under proposed 38 U.S.C. § 8003, the Secretary would be required to provide an annual report to Congress regarding program-related data from the fiscal year covered by the report. The effective date for implementation would be October 1, 2024. For FY 2024 and FY 2025, the total number of full-time equivalent employees authorized for VBA and VEOTA would not be able to exceed (1) 34,228 in FY 2024 and (2) 35,417 in FY 2025. Any labor rights, inclusion in the bargaining unit and collective bargaining agreement that would affect a VA employee who is transferred to VEOTA would apply in the same manner to such employee after the transfer.

Section 2 of the bill would establish the position of the Under Secretary for Veterans Economic Opportunity and Transition, outline the Under Secretary's responsibilities and establish the procedures under which the position would be filled.

Section 3 of the bill would require VA to report to Congress, within 180 days of the date of enactment, on the progress toward establishing VEOTA and prevent the transfer of functions to VEOTA until VA certifies to Congress that the transition of services to VEOTA will not negatively affect the services provided and that services are ready to be transferred.

VA does not support this bill. VA appreciates Congress' focus on improving services and resources offered by these programs; however, VBA's current structure appropriately reflects the Under Secretary for Benefits' overall responsibility for Veterans benefits programs that include those related to economic opportunity and transition, as well as compensation, pension, survivors' benefits and insurance.

We recommend removing proposed section 8002(4), which would move the Office of Small and Disadvantaged Business Utilization's (OSDBU) Center for Verification and Evaluation (CVE) program to the new administration. OSDBU currently reports directly to the Deputy Secretary. OSDBU's mission is to advocate for the maximum practicable participation of small, small-disadvantaged, Veteran-owned, women-owned and empowerment-zone businesses in contracts VA awards and in subcontracts VA's prime contractors award.

This bill would move the CVE program which, according to this bill, administers the verification program required for Service-Disabled Veteran-Owned Small Businesses and Veteran-Owned Small Businesses and maintains the vendor information page database, to the new administration. However, the verification program is no longer with VA and was transferred to the Small Business Administration as of January 2023 by the FY 2021 National Defense Authorization Act, and 38 U.S.C. § 8127(f) is now obsolete.

VBA's portfolio of benefits is thriving. The Education, Loan Guaranty, Veteran Readiness and Employment (VR&E) and Outreach, Transition and Economic Development (OTED) programs are part of an integrated suite of interdependent services and benefits that also includes compensation, pension and insurance programs. Together, they form a suite of benefit-related resources that Veterans can rely on.

In FY 2022, VA processed over 3.5 million education claims in an average of 6.7 days. Over 1.3 million claims were automated, delivering real-time benefit decisions to Veterans and their dependents. VA paid over \$9.9 billion in education benefits for 834,460 Veterans and their beneficiaries. VA guaranteed 746,091 loans worth \$256.6 billion in FY 2022. Loan Guaranty also assisted 205,702 borrowers retain homeownership and/or avoid foreclosure, resulting in a \$3.99 billion savings in estimated foreclosure costs to the government. VR&E helps Service members and Veterans with service-connected disabilities and a barrier to employment prepare for, find and maintain suitable jobs through counseling and case management. There were over 124,400 VR&E participants in FY 2022, with more than 30,500 new plans developed to assist Veterans and over 11,800 Veteran rehabilitations.

For those Service members transitioning out of the military, OTED offered additional focus on helping them move more effectively into civilian life, both socially and economically. VA's commitment to support Service members' transition from the military is shown through the VASS program, as discussed above. Since the launch in December 2019 through September 2023, VASS has successfully connected with 398,081 recently separated Veterans, representing a 70.7% successful contact rate. This includes a total of 197,615 successful contacts in FY 2023.

Additionally, VA continues to partner with DoD to ensure that separating Service members are focused on their transition as early as possible and begin civilian life on the right foot.

To support the adjudication and delivery of Veteran- and Service member-earned benefits, VBA also has many enabling staff offices, such as finance, Human Resources (HR), facilities, production optimization, outreach and engagement, field operations, business process integration, strategic program management, performance analyses, communications and executive review. These enabling organizations would have to be recreated within the new administration to effectively operate, requiring additional executive leadership and replicated structures. Adding another administration would

increase the leadership oversight for programs that are currently in place, contrary to the modernization efforts that are underway.

With respect to section 2 of the bill, the procedure for filling the position of the VEOTA Under Secretary is the same as filling the positions of the Under Secretary for Benefits, the Under Secretary for Health and the Under Secretary for Memorial Affairs. Should this bill establishing VEOTA be enacted, VA agrees this should be the procedure for selecting the new VEOTA Under Secretary. However, we note that proposed new section 306A(c) would require VA to create a commission to recommend individuals to the President for appointment to the new Under Secretary position and would establish membership requirements and the function of the commission, which would implicate Chapter 10 of Title 5, U.S. Code (commonly known as the Federal Advisory Committee Act (FACA)). Therefore, unless Congress specifically exempts the commission from compliance with FACA in the statute, a new VA federal advisory committee would have to be established to carry out the provision.

Additionally, should this bill establishing VEOTA be enacted, VA would need ample time to plan for this considerable transition. Therefore, while VA remains committed to communicating closely with the Committees, it does not support a specified timeframe for reporting or certification.

VA anticipates discretionary General Operating Expense costs would result from enacting this bill for Management Direction and Support for enabling staff offices (aforementioned finance, HR, facilities, outreach and engagement, field operations, business process integration, strategic program management, performance analyses, communications and executive review), which would include payroll and non-pay costs (travel, contract support, centralized payments, etc.). Due to the comprehensive nature of this bill, a complete analysis could not be completed, and additional time is needed to provide an accurate cost estimate. No mandatory costs would be associated with the bill. While no benefit costs are associated with the bill, the appropriation language for the Readjustment Benefits account and the Credit Reform account would have to change to reflect the title of the new administration.

H.R. 3816 Veterans' Entry to Apprenticeship Act

This bill would create a new 38 U.S.C. § 3687A to authorize VA to treat a pre-apprenticeship program in the same manner as an apprenticeship program for the purpose of providing educational assistance. A pre-apprenticeship program would mean a program or set of objectives designed to prepare individuals to enter and succeed in a registered apprenticeship program that has a documented partnership with at least one sponsor. A pre-apprenticeship program would be covered under the bill if the curriculum of the program is approved by a sponsor and the sponsor certifies to VA that the program will prepare an individual with the skills and competencies needed to enroll in a registered apprenticeship program. The program would also have to maintain conduct and attendance policies in accordance with a sponsor. For purposes of this bill, a sponsor would mean an entity that formally supports the pre-apprenticeship program,

including a registered apprenticeship program; a department or agency of a state or local government; an institution of higher learning; or any other public, private or non-profit entity that the Secretary determines to be a sponsor for purposes of this section.

An individual would be entitled to educational assistance under this provision if they are entitled to educational assistance under 38 U.S.C. Ch. 30, 32, 33, 34 or 35 or 10 U.S.C. Ch. 1606 and are seeking to use their educational assistance for a program of apprenticeship. A covered individual enrolled in a pre-apprenticeship program would receive educational assistance equal to the amount received by an individual in an apprenticeship program. However, if the covered individual is not paid as part of the pre-apprenticeship program, the individual under chapter 33 of title 38 would still receive a monthly housing allowance (MHA). The MHA would be equal to the monthly amount of the basic allowance for housing payable under 37 U.S.C. § 403 for a member with dependents in pay grade E-5 residing in the military housing area that encompasses all or the majority portion of the ZIP Code area of the pre-apprenticeship program. The covered individual's entitlement would be charged at a rate equal to the rate charged for an apprenticeship program. The bill would apply to an individual who enrolls in a program of pre-apprenticeship beginning on or after the date of enactment of this bill.

VA understands the intent of the proposed legislation, but does not support this bill.

Mandatory costs to the Readjustment Benefits account are estimated to be \$11.9 million in 2024, \$65.4 million over five years, and \$144.4 million over 10 years. No VBA administrative costs are associated with this bill. VA estimates the information technology costs associated with the enactment of this legislation to be \$5 million, which includes the design, code development, testing, and deployment of the new functionality in existing information technology systems. VA would need to make changes to the functionality in the Digital GI Bill to include pre-apprenticeship programs. VA estimates that it would require 6 months from the date of enactment to make the necessary information technology changes.

VA is concerned that putting pre-apprenticeship programs on a level playing field with Registered Apprenticeship (RA) programs for purposes of GI bill benefits receipt will lead to poorer outcomes for Veterans. The definitional parameters and safeguards of pre-apprenticeship programs are extremely limited as compared to RA, and we know that many individuals exit pre-apprenticeship programs with little-improved labor market prospects. Opening up GI Bill benefits to this class of programs may lead Veterans to waste precious GI Bill benefits on low-quality programs.

VA has concerns that SAA approval of pre-apprenticeship programs will not serve as a significant quality assurance mechanism. Pre-apprenticeship programs are wholly unregulated in the United States and even DOL itself does not have outcome information on the vast majority of pre-apprenticeship programs. It is challenging to imagine SAAs bringing order and quality assurance to this system, even with the most well-intentioned, well-designed approval process.

H.R. 5190 Military Family Protection from Debt Act

This bill would amend section 207 of the Servicemembers Civil Relief Act (50 U.S.C. § 3937) to expand certain protections to dependents of members of the Armed Forces.

VA defers to DoD and DOJ.

H.R. 5913 Consolidating Veteran Employment Services for Improved Performance Act of 2023

Section 2 of this bill would transfer the Department of Labor's (DOL) Veterans' Employment and Training Service (VETS) and its programs to VA effective October 1, 2025. The functions that would be transferred would include job counseling, training and placement services for Veterans under 38 U.S.C. Ch. 41; Federal Government employment services under 38 U.S.C. § 4214; administration of employment and reemployment rights under 38 U.S.C. Ch. 43; homeless Veterans reintegration programs under 38 U.S.C. Ch. 20; and employment and Veterans benefits training under TAP (10 U.S.C. § 1144). The transfer would include all personnel, assets, liabilities, grants, contracts, property, records and funding pertaining to those programs.

The bill would also require VA to enter into a memorandum of agreement with DOL and with states, as VA determines necessary, to implement the transition of the DOL programs to VA. The bill would also establish that, in FY 2027 and for each subsequent fiscal year, the President would include, in the President's budget request for VA, funding for the transferred functions.

Section 3 of the bill would establish a Deputy Under Secretary for Veterans' Employment and Training. Furthermore, section 4 of the bill would require states to employ and assign full-time and part-time Veteran employment specialists in state agencies to carry out employment, training and placement services. The bill would also place maximum emphasis on assisting economically or educationally disadvantaged Veterans.

VA strongly opposes the bill. DOL works with VA to provide individualized career counseling and training related to eligible Veterans with service-connected disabilities and help employers fill their workforce needs with employment-seeking Veterans. Through DOL programs, Disabled Veterans' Outreach Program specialists provide services to eligible Veterans experiencing significant barriers to employment.

The bill would also amend VA's prioritization of services. Currently, to the maximum extent possible, VA prioritizes meeting the needs of Veterans with disabilities and Veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge had been authorized. However, the bill would emphasize

assisting economically or educationally disadvantaged Veterans. While Veterans with disabilities may fall into this category, VA's priority should remain serving Veterans with disabilities. Veterans with disabilities continue to encounter obstacles in obtaining and maintaining suitable employment and often need more intensive services to meet their employment goal. Therefore, removing this prioritization would harm Veterans with disabilities.

The bill would align employment and Veterans benefits training under VA's TAP. VA disagrees with this as it would remove subject-matters experts from DOL involved with administering a program outside of VA's scope. This would be harmful to Veterans and limit the resources to which they would have access in seeking employment and training. Further, VA's curriculum is designed as a one-day course, focused on VA benefits and services. Adding additional material from DOL would cause program degradation and integrity issues.

The bill would also effectively change the title of Disabled Veterans' Outreach Program to Veteran Employment specialists, which appears to be more suited to the change in the prioritization of services, as reflected in the bill. However, VA notes concerns over the implications to pay and compensation for these specialists as well as the lack of uniform qualifications standards for these positions. The bill would also require VA to ensure that the Veteran employment specialists are properly trained, meaning VA would need to develop a certification program for the state employees and monitor proficiency. Consideration should be given to converting these specialists from state agency employees to VA employees, similar to the Veteran employment specialists in VA's VR&E program.

VA also has concerns regarding the reorganization and realignment implications with transferring the personnel from DOL to VA. VA would need to consider whether internal offices and administrations need to be reorganized to clearly delineate the responsibilities where similar or complementary roles may be impacted by the transfer of functions, such as between VBA and VA's Office of Human Resources and Administration/Operations, Security and Preparedness (HRA/OSP). HRA/OSP includes the Office of Veteran and Military Spouse Engagement Program (under the Office of the Chief Human Capital Officer) and oversees policy and other functions related to the Uniformed Services Employment and Reemployment Rights (USERRA) functions under 38 U.S.C. Ch. 43. Any internal reorganization and realignment would need additional time, funding and resources to execute.

Related to the reorganization and realignment concerns, VA has concerns with the new position of the VEOTA Deputy Under Secretary. Further clarification is needed as to where the position would sit in VA and regarding appointment requirements for the position. One issue to highlight is that the position is assigned to address Departmental policies and procedures, which would include USERRA under chapter 43 and Federal Government employment services under 38 U.S.C. § 4214. Those specific functions touch on personnel management, which are functions specifically assigned to an Assistant Secretary (A/S) to oversee under 38 U.S.C. § 308. Currently, those functions

are assigned to the A/S of HRA/OSP. The bill may create a conflict in duties between the Deputy Under Secretary position and the A/S of HRA/OSP.

The bill would transfer the administration of these and other services from DOL to VA effective October 1, 2025. However, the bill would not authorize funding for VA to administer this program until FY 2027. The lack of funding may cause delays in providing individualized career and training services to eligible Veterans. Given the national implications and magnitude of the changes outlined, VA would need additional time to fully examine the impact and scale of preparation that would be required for VA to implement the transfer of the functions identified.

We understand that DOL opposes this bill, as discussed in its testimony.

H.R. XXXX Improve the Processes to Approve Programs of Education

Section 1(a) of the bill would amend 38 U.S.C. § 3679(f)(1)(A) to add “to the maximum extent practicable” to the requirement that schools provide an individual with a form that contains certain personalized financial information prior to enrolling the individual in a course of education. Section 1(b) would amend 38 U.S.C. § 3680A(a)(4)(B)(iii) to allow for the approval of an independent study program that leads to a certificate for a course of study offered by an institution of higher education described in section 102 of the Higher Education Act of 1965 (20 U.S.C. § 1002) that is qualified to participate in the student financial assistance programs authorized by Title IV of that Act, including a community college, proprietary school and any other institution of higher education that is eligible to participate in Federal student financial aid programs. Section 1(c) would require VA to establish a website that is updated regularly and serves as a central location for publishing information about the training VA provides for School Certifying Officials (SCO).

VA does not support the bill. VA does not support section 1(a) of the bill. Currently, schools are allowed to use the College Financing Plan available through the Department of Education to satisfy the requirements to provide students with certain financial information. VA believes schools should be required to provide an individual with a form that contains certain personalized financial information prior to enrolling the individual in a course of education.

While VA has no objections to the proposed changes in section 1(b) of the bill, VA believes this section is unnecessary. Currently, VA has the authority to approve independent study programs offered by proprietary institutions of higher education as these programs are described in 38 U.S.C. § 3680A(a)(4)(B)(ii).

While VA has no objection to section 1(c) of the bill, VA believes this section is unnecessary because VA currently has a website that provides information about the training VA provides to SCOs. On the GI Bill website, VA has established and provides a one-stop shop for SCOs and school administrators at <https://www.va.gov/school-administrators/>. The webpage includes training and guides, upcoming events, policies

and procedures and resources to support students. Moreover, the webpage provides a direct link to VBA Education Service's current and previous webinars and training at https://www.benefits.va.gov/gibill/resources/education_resources/school_certifying_officials/presentations.asp. On this page, SCOs can review topics that will be discussed in future Office Hours and review previous webinars.

VA has not completed its cost estimate for this bill.

H.R. 5702 Expanding Access for Online Veteran Students Act

The bill would amend 38 U.S.C. § 3313(c)(1)(B) to establish an amount payable for the MHA under the Post-9/11 GI Bill for an individual pursuing a program of education solely through distance learning that is shorter than 12 weeks during the summer. Under the bill, such an individual would receive the national average of the MHA payable under the Post-9/11 GI Bill. The amendments would apply to a program of education beginning on or after August 1, 2024.

VA would support this bill, if amended, and subject to the availability of appropriations. VA recommends increasing the amount payable for the MHA to the national average for all individuals enrolled in a program of education solely through distance learning under the Post-9/11 GI Bill, not just individuals enrolled in a program shorter than 12 weeks during the summer. This bill would create a disparity between participants of the chapter 31 VR&E program who are eligible for the Post-9/11 GI Bill rate and participants in the chapter 33 Post-9/11 GI Bill program. While many chapter 31 participants are eligible for the Post-9/11 GI Bill benefit, many seek services from chapter 31 due to their service-connected disabilities. A Veteran with a service-connected disability should not be placed at a disadvantage simply by choosing to participate in another VA education benefit.

Additionally, VA does not have a definition for "summer programs." However, there is a regulatory definition for "summer term" and "summer session." These definitions are found at 38 C.F.R. § 21.4200(b)(5) and (6), which defines "summer term" as "the whole of the period of instruction at a school which takes place between ordinary school years" that "may be divided into several summer sessions" and defines "summer session" as "any division of a summer term." This definition is limited as it is only applicable to schools that operate on a traditional semester-based schedule. It could not be applied to non-traditional term-based programs, for example, programs with 8-week terms and term start dates throughout the year. It is unclear how Congress wishes to address educational institutions that are organized on a year-round enrollment (or rolling admission) basis and do not have distinct summer terms. Therefore, VA recommends adding a distinct definition for the term "summer programs" in the bill. Since VA is uncertain regarding Congress' intent and desired outcome with this proposed legislation, we would be glad to meet with the appropriate staffers regarding the intent of the bill and to assist with refining the bill's language to include terms that would clarify establishing a monthly housing stipend under the Post-9/11 GI

Bill for individuals who pursue summer programs of education solely through distance learning.

Lastly, VA would need to make modifications to its existing IT systems to implement this legislation. Specifically, VA would need to implement new rules for the Digital GI Bill platform to pay a different MHA for individuals pursuing a program of education, solely through distance learning, that is shorter than 12 weeks during the summer.

Mandatory costs to the Readjustment Benefits account are estimated to be \$96.9 million in 2024, \$1.5 billion over five years, and \$3.5 billion over 10 years. No VBA administrative costs are associated with this bill. VA estimates the information technology costs associated with the enactment of this legislation to be \$5 million, which includes the design, code development, testing, and deployment of the new functionality in existing information technology systems. VA would need to make changes to the functionality in the Digital GI Bill to pay a different MHA for individuals pursuing a program of education, solely through distance learning, that is shorter than 12 weeks during the summer. VA estimates that it would require 6 months from the date of enactment to make the necessary information technology changes.

H.R. 5785 Modifications to Edith Nourse Rogers STEM Scholarship

This bill would amend 38 U.S.C. § 3320(b) by removing the requirement that an individual must have used all of his or her educational assistance under the Post-9/11 GI Bill or, based on the individual's rate of usage, will use all educational assistance within 180 days of applying for benefits under the Science, Technology, Engineering and Mathematics (STEM) Scholarship. The bill would further amend section 3320(b) to authorize the STEM Scholarship for graduate degree programs and change the number of credit hours that must be completed from 60 to 45 semester hours and from 90 to 67.5 quarter hours.

This bill would also amend the payment priority in section 3320(c)(1) in which the STEM Scholarship can be awarded when VA determines there are insufficient funds available to provide additional benefits to all eligible individuals. Individuals who have used the highest number of months of chapter 33 educational assistance and individuals who are using their chapter 33 entitlement to pursue a program of post-secondary education and who have declared a major would receive priority under the bill.

Finally, the bill would amend section 3320(d) to specify that an individual who receives a benefit under this section may use such benefit only after the individual has used all the educational assistance to which the individual is entitled under the Post-9/11 GI Bill.

VA would support the bill, if amended, and subject to the availability of appropriations. The bill would amend 38 U.S.C. § 3320(c) to change how VA

prioritizes and selects individuals who can receive additional funds. However, it is unclear how the dual prioritization in section 3320(c)(1) and (2) should work. Therefore, VA recommends Congress clarify how VA should determine the appropriate STEM beneficiaries based on the dual priorities.

Additionally, since the Edith Nourse Rogers STEM Scholarship's additional 9 months are available only while enrolled in a STEM program, it is unclear what should happen if a student changes to a non-STEM program and the scholarship is revoked.

Mandatory costs to the Readjustment Benefits account are estimated to be \$112.1 million in 2024, \$328.7 million over five years, and \$432.7 million over 10 years.

H.R. XXXX Waiver of VA-Guaranteed Housing Loan Fee for a Veteran with a Service-Connected Disability

This bill would amend 38 U.S.C. § 3729(c)(2)(A) to waive the loan fee for a Veteran obtaining a VA-guaranteed loan, based on the date of the Veteran's pre-discharge medical examination, rather than on the date of a rating or memorandum rating for disability compensation. VA supports improving the way those transitioning from active duty receive a loan fee waiver but has significant concerns with the approach taken in this bill. VA is concerned it could result in a complex, back-end refund process that would be confusing for Veterans, Service members, lenders and VA employees, and that the bill could lead to an unsustainable financial position.

VA would support this bill if amended and provided Congress identifies the necessary cost offsets. Section 1(a) of the bill would establish an earlier point in time for a Veteran to be treated as receiving VA compensation, for home loan purposes. We note that, in effect, this provision applies to Service members who are considered Veterans under 38 U.S.C. § 3701 or § 3702. Where current section 3729(c)(2) requires VA to treat a Veteran as receiving compensation as of the date of a pre-discharge rating or a pre-discharge memorandum rating, section (1)(a) of the bill would change the criterion to the date of the medical examination or review that leads to the rating or memorandum rating.

The earlier-in-time measure would save disabled Veterans thousands of dollars and prevent delays in closings, as some disabled Veterans attempt to postpone using their benefits until after they receive their rating, solely to avoid having to pay the loan fee. This is because, in general, a Veteran must be receiving compensation to qualify for a loan fee waiver under section 3729. The loan fee prescribed by section 3729 is the fee collected from each person obtaining a housing loan guaranteed, insured or made by VA. VA cannot guarantee, insure or make a loan until the loan fee has been remitted to the Secretary unless a waiver, as described in subsection (c), applies. Although this bill would not always prevent the need to collect the loan fee at the closing, it would ensure those Veterans who obtain a medical examination or review prior to closing, and are subsequently rated as eligible for compensation, would have their loan fee refunded.

Section 1(b) of the bill would expand the new criteria to apply retroactively. VA would be required to issue refunds to any Veteran who would have been eligible for a waiver of the loan fee had the new legislation been in effect at the time of their loan closing.

Although VA supports loan fee waivers for disabled Veterans who close on their loans before receiving their rating, VA is concerned with the continued expansion of waivers of the loan fee. Part of VA's commitment to ensuring all eligible Veterans can use their guaranteed home loan benefits is ensuring continued fiscal soundness of the program, which relies, in large part, on the statutory loan fee to help offset guaranty claims. This fee, which was designed to spread program risk across the portfolio, helps to lower the taxpayer cost of the guaranty, since VA's home loan program does not require down payments or monthly mortgage insurance.

VA has seen a steady rise in Veterans who are exempt from paying the statutory fee: from 32% in 2013 to 55% in 2023. VA has also seen an annual increase in the number of active-duty Service members filing pre-discharge claims under the Benefits Delivery at Discharge program over the past 4 years. Following enactment of the Blue Water Navy Act of 2019, VA saw an average annual increase of 2.4 percentage points. VA anticipates further increases related to the Honoring Our Promise to Address Comprehensive Toxics Act of 2022. As the percentage of waivers increases, the program's ability to cover the Federal Government's loan guaranty commitments without taxpayer funding could be in jeopardy. VA is concerned that, over time, the number of individuals exempt from paying the loan fee will inch closer to 100%.

Additionally, VA is concerned about the use of experienced, senior-level staff likely needed to process these refunds, particularly if section 1(b) of the bill is enacted as drafted. Although VA is accustomed to processing loan fee refunds for retroactive disability compensation awards, this bill would introduce a more complex loan refund review process than applied in cases today. Under this bill, VA employees would be required to analyze a Service member's pre-discharge claims, pre-discharge disability examinations, pre-discharge evidentiary reviews and eventual disability rating decisions to determine the earliest possible date for purposes of a loan fee waiver. Redirecting senior-level resources could have cascading impacts on other mission-critical work, such as efforts to modernize technology systems to improve the guaranteed home loan process for Veterans, employees, lenders and other program participants.

As noted above, VA supports an improved experience for Service members looking to use their home loan benefit prior to discharge. Therefore, VA looks forward to working with this Committee to craft a legislative solution that would not result in a complex, resource-intensive refund process or, over time, a potentially untenable financial position for VA's guaranteed home loan program. Unfortunately, given the complexity of this issue, and the short timeframe VA was given to provide its views and costing, we cannot, at this time, provide specific legislative language that we would support.

Mandatory benefit loan subsidy costs are estimated to be \$5.2 million in 2024, \$31.7 million over five years, and \$87.5 million over 10 years. Discretionary General Operating Expense costs are estimated to be \$144,000 in 2024, \$715,000 over five years, and \$1.5 million over 10 years.

Conclusion

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