# PENDING MONTGOMERY GI BILL LEGISLATION

# HEARING

## BEFORE THE SUBCOMMITTEE ON ECONOMIC OPPORTUNITY OF THE

# COMMITTEE ON VETERANS' AFFAIRS U.S. HOUSE OF REPRESENTATIVES

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## PENDING MONTGOMERY GI BILL LEGISLATION

### THURSDAY, JANUARY 17, 2008

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

The Subcommittee met, pursuant to notice, at 2:38 p.m., in Room 340, Cannon House Office Building, Hon. Stephanie Herseth Sandlin [Chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth Sandlin, Donnelly, Hall, Boozman.

Also Present: Representative Davis of California.

#### **OPENING STATEMENT OF CHAIRWOMAN HERSETH SANDLIN**

Ms. HERSETH SANDLIN. Good afternoon, ladies and gentlemen. The Committee on Veterans' Affairs Economic Opportunities Subcommittee hearing on pending Montgomery GI Bill (MGIB) legislation will come to order.

Before I begin with my opening statement, I know that we may be joined by some of our colleagues who do not serve on the Subcommittee or the full Committee. In the event that they join us later, I ask unanimous consent that those individuals, which include Congressman Vic Snyder of Arkansas, Congresswoman Susan Davis of California, and Congressman John McHugh of New York be invited to sit at the dais for the Subcommittee hearing today. Hearing no objections, so ordered.

Welcome, all of you, to the Subcommittee. Happy New Year to you.

As many of you know, Congressman Snyder, who again may be joining us, sits on our full Committee. Until recently, he chaired the House Armed Services Subcommittee on Military Personnel, and now chairs another Subcommittee on the Committee on Armed Services. The Subcommittee on Military Personnel now falls to the leadership of Chairwoman Davis and Ranking Member McHugh who has served in leadership capacities on that Subcommittee for a number of years. I look forward to continuing our work with the Armed Services Committee's Subcommittee on Military Personnel, in particular, as we seek to improve existing educational entitlements for our Nation's veterans.

Also, I want to call attention to the fact that the Honorable Jim Matheson of Utah, the Honorable Bobby Scott of Virginia, and the Honorable Rick Larsen of Washington have asked to submit written statements for the hearing record. If there is no objection, I ask for unanimous consent that their statements be entered into the record. Hearing no objection, so entered.

[The statements of Hon. Rick Larsen, Hon. Jim Matheson and Hon. Robert C. "Bobby" Scott appear on p. 66–69.]

Like many of my colleagues here today, I recently had the opportunity to meet with veterans in my district, State and local governing officials, county veterans officers, and Veterans Service Organizations (VSOs) to discuss: the work of the 110th Congress, the accomplishments of the first session, and the advancements we hope to continue to make in the second session.

I had the opportunity to speak to South Dakota's Governor, the Honorable Mike Rounds, the State's Department of Military and Veterans Affairs, and the Deputy to South Dakota National Guard's Adjutant General, Major General Steven Doohen, among others, about the changes that were made to the Montgomery GI Bill in the fiscal year 2008 "National Defense Authorization Act (NDAA)."

We also discussed this Subcommittee's efforts, along with the Armed Services Committee, to further update the Montgomery GI Bill, particularly for our National Guard and Reserve forces. This support from the local level for our efforts tells me that we are on the right track. However, we know there is some heavy lifting yet to be done.

The NDAA for fiscal year 2008, which has been delayed momentarily, but hopefully will be signed into law soon, failed to include language to recodify Chapters 1606 and 1607 from the authority of the U.S. Department of Defense (DoD) to the U.S. Department of Veterans Affairs (VA). This is an area that will require some ongoing attention and discussion.

While this is a disappointment to some advocating for this change, I am glad that we succeeded in making progress for our Nation's Reserve forces.

Included in the final version of the NDAA, among other important changes to education benefits, is language that would allow certain members of the Reserve forces to use their Reserve Educational Assistance Program (REAP) education benefits during the 10-year period beginning on the date in which they separate from service. I support these provisions and look forward to the President signing the bill into law.

Today's hearing will focus on several bills that have been identified as containing components advocated by the veterans' community. I appreciate the positive responses of the VSOs in helping us identify areas of interest by submitting their top five legislative priorities for us to review as we consider updating the existing Montgomery GI Bill entitlements.

Ranking Member Boozman, I look forward to working with you, as we have done over the past 3½ years. I also look forward to working with all of the Members of the Subcommittee, our colleagues on the House Armed Services Committee, and others in the Congress to streamline, update, and expand existing MGIB benefits.

I would now recognize the distinguished Ranking Member, Mr. Boozman, for any opening remarks he may have.

[The prepared statement of Chairwoman Herseth Sandlin appears on p. 33.]

#### **OPENING STATEMENT OF HON. JOHN BOOZMAN**

Mr. BOOZMAN. Thank you, Madam Chair. I appreciate your bringing us together to discuss the future direction of the GI Bill.

As in the other programs under our jurisdiction, GI Bill education and training benefits provide veterans and surviving dependents with the opportunity to achieve financial independence outside of any other VA benefits they may receive.

According to the College Board, those with a Bachelor's Degree will make at least 1 million dollars more over a lifetime than someone with a high school diploma. Clearly it pays to invest in education and training for veterans.

You and I, Madam Chair, have held several hearings on the subject over the last 3 years and we have heard from literally dozens of witnesses about the need to make changes to reflect today's operational environment.

Today members of the National Guard and Reserves are carrying a huge portion of the Global War on Terror and if nothing else, I hope we can find a way to improve their benefits in a way that reflects their expanded role in our Nation's defense.

I am also very concerned that 30 percent of those who sign up for the GI Bill never use a penny of the benefit. There are many reasons they do not use their GI benefits, some of which would be difficult to overcome. But I think we can reduce that 30 percent to a significantly lower number by adding flexibility to the program. And I hope that we can all work together to get that done.

Several of today's bills would pay veterans what is described as the full cost of education. If that is to be our goal, I think we need a real understanding of the true cost of education to a veteran considering the many sources of financial assistance available today.

Today there is a mix of Federal, State, and institutional financial aid packages available that did not exist for earlier generations of veterans. Let us just consider one option and that is the Pell grant. The max grant now is about \$4,300 per school year. If the grant program did not consider military pay, most freshly discharged veterans would qualify for the full amount.

The Pell Grant Program also includes several income waivers for veterans that would allow a vet to work part time without impacting the Pell grant amount.

So between the GI Bill and Pell grant, a vet could receive over \$14,000 for a standard 9-month school year that would not include any kickers or back amounts or other Title 4 education benefits.

It is also important to recognize that many States offer significant education benefits to veterans or those on active duty or serving in the Guard.

There is some really good news. The VA has made significant progress in lowering the processing time for original and supplemental claims for education benefits. In fiscal year 2007, VA averaged about 32 days for an original claim. Today it averages about 23 days. Supplemental claims are down to under 10 days from 13 last year. I wish that the folks at Compensation and Pension (C&P) could do as well. I note the education services achieved a high level of automation to accomplish that decrease. And, again, hopefully C&P will follow suit.

Finally, Madam Chair, you and I would make many improvements if we had the PAYGO offsets. However, PAYGO is a fact of life that we must live by until we decide to do something differently.

There are lots of education bills out there, some of which are estimated to cost up to over \$75 billion over 10 years. That type of legislation, you know, appears to be very difficult under the PAYGO challenges that we have.

Again, though, I would say, and I think you mentioned this in the past, you know, we have to be responsible and it is a matter of priorities. And certainly the priorities of this Committee are to expand our veterans' benefits as much as we can.

So thank you, Madam Chair.

[The prepared statement of Congressman Boozman appears on p. 33.]

Ms. HERSETH SANDLIN. Thank you very much, Mr. Boozman.

As I mentioned previously, we have now been joined by Chairwoman Susan Davis of California, former Member of this Committee. I certainly look forward to working with her in making continued improvements to Montgomery GI Bill benefits, given her work on the Military Personnel Subcommittee of the House Armed Services Committee.

Let me invite our first panel to join us here. We have Colonel Robert Norton, Deputy Director of Government Relations for the Military Officers Association of America (MOAA); Mr. Patrick Campbell, Legislative Director for the Iraq and Afghanistan Veterans of America (IAVA); Mr. Eric Hilleman, Deputy Director for the National Legislative Service, Veterans of Foreign Wars (VFW) of the United States; and Mr. Ronald Chamrin, Assistant Director on Economic Commission for the American Legion.

Gentlemen, welcome back to the Subcommittee and happy New Year. We look forward to working with you in 2008. We want to remind you that your entire written statement will be submitted and made part of the hearing record. If you could limit your opening remarks to 5 minutes to give us ample time for questions and follow-up, we would appreciate that very much.

Colonel Norton, we will begin with you. You are recognized for 5 minutes.

STATEMENTS OF COLONEL ROBERT F. NORTON, USA (RET.), DEPUTY DIRECTOR, GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA; PATRICK CAMPBELL, LEGISLATIVE DIRECTOR, IRAQ AND AFGHANISTAN VET-ERANS OF AMERICA; ERIC A. HILLEMAN, DEPUTY DIREC-TOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOR-EIGN WARS OF THE UNITED STATES; AND RONALD F. CHAMRIN, ASSISTANT DIRECTOR, ECONOMIC COMMISSION, AMERICAN LEGION

#### STATEMENT OF ROBERT F. NORTON

Colonel NORTON. Thank you, Madam Chair, and happy New Year to you as well and to Ranking Member Boozman.

I am honored to have this opportunity to appear before you today on behalf of the Military Officers Association of America. We are indeed grateful for this Subcommittee's continuing interest and leadership in improving the Montgomery GI Bill.

We also want to thank Congress for pending final passage of the Partnership for Veterans Education's top priority last year, establishment of a 10-year readjustment benefit for Reservists who serve the Nation on active duty.

I want to add a special thanks to Representative Vic Snyder for his pivotal role and leadership in the Armed Services Committee and this Committee for making that happen.

Turning to the bills before the Subcommittee today, MOAA supports elements of all seven bills as indicated in our statement, but we do have some concerns either of a technical or equity nature on some of them. I would be happy to address any of these bills in the Q and A period.

But stepping back for just a moment, Madam Chair, I want to help frame the consideration of these bills by letting the Subcommittee know that MOAA's top two priorities for the MGIB this year are, one, raising reimbursement rates and, two, establishing month-for-month entitlement for Reservists who serve cumulative tours of active duty of at least 90 days per tour.

On raising GI Bill rates, I will focus on H.R. 2702 because this bill is similar to a bill that is getting a lot of attention in the Senate sponsored by Senator Jim Webb, S. 22.

We strongly endorse the most important feature of H.R. 2702, namely raising GI Bill rates to cover more of the cost of education. That is our top priority this year.

We also like extending the readjustment period to 15 years and opening up the GI Bill to all men and women who enter the service. That will help both recruiting and readjustment for today's warriors.

Translating that to the Montgomery GI Bill, opening the GI Bill to all new recruits would mean repealing the \$1,200 payroll reduction at some point.

But we do have some concerns over establishing a new GI Bill program that directly competes, if you will, with the Montgomery GI Bill in Chapter 30. Unless the Subcommittee were to repeal the MGIB or somehow put it on hold, we do not see how the proposed post 9/11 GI Bill in H.R. 2702 and the Montgomery GI Bill can coexist side by side. Moreover, since there is no sunset clause in the bill, it would operate alongside the Montgomery GI Bill for the indefinite future.

In raising the rates, our top priority, MOAA would recommend instead of the metric used in H.R. 2702 that the Subcommittee endorsed using the average cost at a 4-year public college or university as the benchmark.

Right now, according to Department of Education data for this academic year, the MGIB pays about 75 percent of the average cost for full-time study at a public college.

Turning to Reserve benefits, with adoption of the readjustment benefit for Reservists' service on active duty, it now makes more sense than ever to integrate the Reserve program in Title 38. That leads to our second major priority.

In moving Chapter 1607, the REAP Program, to Title 38, MOAA recommends changing the rates for Reservists who serve activeduty tours to month-for-month entitlement.

When you look at, for example, Madam Chair, the Minnesota Guard and Reserve, the New York, Arkansas, South Dakota, and California Reserve forces, eventually all of these great young men and women will serve three or more tours of active duty. Because of that service, many will have completed 3 cumulative years of active duty. They should be entitled to the full Montgomery GI Bill rate, presently \$1,101 per month. But the pending Defense authorization would only allow them 80 percent, the "80 percent solution" of the full Montgomery GI Bill even though they will have served 3 cumulative years of active-duty service.

The principle should be in our view same service, same battlefield, same benefits.

We are encouraged that Chairman Filner has said that the Montgomery GI Bill will be a top three priority this year and we look forward to working with you to create a better GI Bill that matches the extraordinary demands of service today and gives better support to Armed Forces' recruitment programs.

Thank you, Madam Chair and Ranking Member Boozman. I look forward to your questions.

[The prepared statement of Colonel Norton appears on p. 35.]

Ms. HERSETH SANDLIN. Thank you, Colonel Norton.

Mr. Campbell, you are now recognized.

### STATEMENT OF PATRICK CAMPBELL

Mr. CAMPBELL. Happy New Year. A lot has happened for me in the last New Year. I had my 30th birthday and I graduated law school, so I appreciate it. This is my first foray back into veterans' issues.

Thank you for this opportunity to testify and also thank you for bringing this issue up. You know, I am glad that we are starting the dialog about how we are going to renew our social contract with this generation of veterans.

I want to use this time to discuss IAVA's, the Iraq and Afghanistan Veterans of America's top three priorities. Just like Bob said, you know, our number one priority is raising the GI Bill rates so they cover the full cost of education.

Number two is that we deal with the issue of Reservists who have been deployed multiple times.

And third, and very important to me, is how do we provide meaningful protections for deploying servicemembers.

And since I know my esteemed colleagues are going to be spending a lot of time on the first two issues, I want to start with the last, how do we provide meaningful protections for deploying servicemembers.

In 2003, Congress passed the "HEROS Act" which granted the Secretary of Education the power to waive certain student loans for deploying servicemembers. The "HEROS Act" was actually a direct copy of the "Persian Gulf Conflict Higher Education Assistance Act," just with a cooler name.

The bill said that it is the sense of Congress that all institutions offering postsecondary education should provide full refunds to students who are activated and that these schools should make every effort to minimize deferral of enrollment or reapplication requirements.

I testify before you today that servicemembers deserve more than a sense of Congress. Deploying servicemembers across this country are not receiving refunds and are facing numerous bureaucratic hurdles to reenroll in school. Over 400,000 Reservists have deployed and last year, 40,000 of them were enrolled in school.

I can say from personal experience that these bureaucratic hurdles are both infuriating and can be a complete roadblock for returning students. When these servicemembers get home, their only thoughts are about, you know, taking classes, remembering what they learned before they left, or trying to figure out, you know, how to figure out life in an air conditioned classroom when the last year they spent was in a Humvee.

I spent my year on a trash pile in Iraq and I come back, you know, with a comfy chair and air conditioning. I did not know which way was up.

What few returning students are prepared for is how schools refuse to make any reasonable accommodations to the fact that we spent the last year of our lives in a war zone.

I personally know of servicemembers who were denied enrollment because of a paperwork snafu or because they were gone too long. I also know of servicemembers who were denied refunds. And I am sad to find out that my own alma mater does not provide refunds for deploying servicemembers.

To be fair, most schools do the right thing. But for those returning servicemembers who are not so lucky, they suffer through a bureaucratic nightmare. That is why returning students need Uniformed Services Employment and Reemployment Rights Act (USERRA) type protections. I guarantee that they will get their refund and when they get home, they will be reinstated to the same status they were before they left.

We thank Congresswoman Susan Davis for introducing the "Veterans Education Tuition Support Act," H.R. 2910, and we encourage this Committee to take up that bill as soon as possible because the issue is growing.

The second I want to discuss is the issue of Reservists who are doing multiple tours. Right now, as most of you know, education benefits are based on the longest single tour and not the longest cumulative amount of tour. A pointed example of this is I, an Army National Guard, had served 16 months active duty while my co-worker, Todd Bowers, a Marine Reservist, has served the same amount of time, but he did his in two tours. That means I am entitled to \$220 more a month in education benefits because I did mine in one tour and he did his in two. That just does not make any sense.

I learned yesterday, from the Army Times, that 25 percent of Reservists have been deployed more than once. So we are talking 100,000 Reservists have served multiple tours. And if you look at the Air Force and Air National Guard, most of them are working on their third or fourth tour.

There are two practical ways to deal with this issue. First is to modify the REAP Program, which is the Chapter 1607, which says the more service you do, the higher the benefit you get, or you look to a month for month as Colonel Norton just said.

I posit to you that the modification of the REAP Program would produce a better education benefit for Reservists.

If you indulge me and turn to page five of my testimony, you will see some charts. You will see that although the month-for-month process seems simpler, it actually produces a worse benefit in the end for two reasons.

One is once you run out of the month for month, for every month of active-duty service, you earn a month of active-duty benefits, once you run out of that benefit, you will have \$1,100 a month, 1 month. The very next month, you are going to get \$330 a month.

If you happen to get out of the Reserves and separate, there is no portability for Chapter 1607 benefits. So if you are out the Reserves, once you use your month-for-month entitlement, you are done. You are not entitled to any more education benefits.

So Iraq and Afghanistan Veterans of America strongly encourages looking at modifying the current Chapter 1607 program by making it cumulative as it is suggested in H.R. 4148 and adding intermediary steps so that it goes at 90 days, 6 months, 1 year, 1 year and a half so that you are always going up. You are never going to experience a drop in education benefits.

My time is up, but I just want to say thank you for having this hearing. The social contract, you know, we fulfilled their social contract after World War II and Korea and we sent veterans to school for free. This country was rewarded with the greatest generation. How will we fulfill our end of the social contract with this generation?

[The prepared statement of Mr. Campbell appears on p. 42.]

Ms. HERSETH SANDLIN. Thank you very much for your testimony. Mr. Hilleman, you are now recognized.

#### STATEMENT OF ERIC A. HILLEMAN

Mr. HILLEMAN. Thank you, Madam Chairman and Ranking Member Boozman.

On behalf of the 2.3 million members of Veterans of Foreign Wars and our auxiliaries, I would like to thank this Committee for its diligence, its dedication, and its bipartisanship exhibited in updating the Montgomery GI Bill.

We applaud this Committee and Congress for including the postservice usage for the Guard and Reserve members in the "National Defense Authorization Act of 2008." We laud this accomplishment and we ask that this Committee and the Congress continue to update the GI Bill.

The VFW's top two priorities for the GI Bill this year are like that of my colleagues, increase the Montgomery GI Bill rate. We would like to see it cover the full cost of tuition, education, room, board, and provide a cost-of-living stipend.

And secondly, allow National Guard and Reserve members to count every month of service toward accruing a GI Bill benefit. Remove the qualifying impediment that a longest, continuous service period creates.

Since the inception of the GI Bill, every generation of warriors has had a benefit to ease their transition back into civilian life, providing an opportunity for education and serving as an investment in the future of our Nation.

Today's GI Bill is not meeting the needs of our veterans. Skyrocketing education costs are forcing veterans to shoulder the bulk of their college expense. Our military in the wake of current conflict is suffering from recruiting shortages. Moreover, young veterans are more likely to become unemployed and homeless than their peers. A new approach to veterans' transition, stabilization, and education is needed.

The increasing cost of education are diminishing today's GI Bill. According to the Department of Education, the national average cost of an undergraduate tuition, fees, room, and board charged to full-time students in degree-granting institutions for the 2005, 2006 period was \$17,447. A veteran receiving the full-time, activeduty GI Bill for the same period only received \$9,306. That is approximately 53 percent of the total cost of education.

This disparity makes it difficult for a single veteran to attend college and prohibitive for a veteran with a family.

The U.S. Department of Health and Human Services set the 2005 poverty line for individuals earning at or below \$9,570. A twoperson household was \$12,830. A three-person household, \$16,090.

A student veteran earning no additional income is living below the poverty line, accumulating large student loans, and struggling to afford an education.

For a veteran with a family, they are dramatically below the poverty line. And if they are relying solely on the GI Bill to sustain them and their dependents through college, they face an uphill battle.

The GI Bill has evolved from its origins as a transition and stabilization benefit, to serve as a recruitment tool.

With each successive year of war in Iraq and Afghanistan, we face the increased challenge of meeting projected recruitment and retention numbers for the military. A robust education benefit would provide a positive recruitment tool to broaden the socioeconomic makeup of the military, improving overall quality of individual recruits and, thus, the overall quality of the force.

Veterans are increasingly at a disadvantage to their peers in the job market. Of the 200,000 men and women that annually leave service to enter the workforce, a veteran is twice as likely to become unemployed.

According to the U.S. Department of Labor, unemployment among veterans between the ages of 20 and 24 is 15.6 percent in 2005. Nonveterans of the same age group face an unemployment rate of 8.7 percent.

Through education benefits, a veteran's marketability, their longterm career growth, and positive readjustment can be enhanced through creating such a powerful benefit.

Near the end of World War II, our Nation's economy was recovering from depression and showing promise of expansion. With the creation of the World War II GI Bill, millions of servicemembers took seats in classrooms across the Nation. Seven point eight million veterans took advantage of the bill ushering in an era of prosperity. For every tax dollar spent, the government received approximately seven in return.

The original bill vastly expanded the middle class, improving American lives, veteran lives, and profoundly affected American families.

The VFW urges Congress to pass a comprehensive GI Bill for the 21st Century as an investment in our troops, our veterans, and our Nation. Thank you.

[The prepared statement of Mr. Hilleman appears on p. 46.]

Ms. HERSETH SANDLIN. Thank you very much.

Mr. Chamrin, you are recognized for 5 minutes.

## STATEMENT OF RONALD F. CHAMRIN

Mr. CHAMRIN. Thank you, Madam Chair, and happy New Year. And it is an honor to be back before the Committee once again.

The American Legion appreciates the opportunity to present our recommendations and observations of the current state of veterans education and related programs, proposed legislation, and laws.

Recent legislative activities in relation to the fiscal year 2008 "National Defense Authorization Act" that contains significant changes to the GI Bill, place this hearing at an opportune time.

With the final disposition of the NDAA unclear as it is now in the Senate and hopefully will be presented to the President, the American Legion will comment on proposed legislation in reference to the current established statutes.

The American Legion asks the Committee to refer to our written statement for a full explanation of the top priorities of modification and enhancement of veterans education benefits. Portability of benefits, raising the rates, equity of benefits for time served on active duty, termination of the \$1,200 contribution, transferability of benefits, accelerated payments, and recodification are viewed as extremely important to our organization.

In regards to recodification, the American Legion recommends that Congress move the REAP Program and the GI Bill Selected Reserve from Title 10 to Title 38. The American Legion recommends that once all the Reserve benefits are moved to Title 38, all the GI Bill funding will become annual and mandatory appropriations.

Traditionally seen as a recruitment tool, the GI Bill is a readjustment tool that more closely falls in line with the purview of the VA. The VA Education Service has a proven track record of improving delivery and facilitation of services, as well as a dedication to veterans.

Furthermore, the Committees on Veterans' Affairs are better equipped in that they have established oversight protocol of veterans and VA programs. It is our hope that transferring oversight from the Committees on Armed Services to the Committees on Veterans' Affairs will expedite legislation seeking to improve educational benefits for veterans.

I would like to share a story of Staff Sergeant Jimmy Marrello, a Reservist from Illinois. He has made the Dean's List while he was in school and was a finalist for the Noncommissioned Officer of the Year competition. Unfortunately, none of his Federal activations were 2 consecutive years and, thus, he is ineligible to enroll in the GI Bill active duty.

Staff Sergeant Marrello will only receive a maximum of \$23,000 of REAP benefits. If he had served 2 consecutive years, he would be able to enroll in GI Bill active-duty benefit and receive \$31,000 and have the ability to use those benefits after leaving service.

Amazingly, when he completes his upcoming tour in the Horn of Africa, he will have completed 48 months of active-duty service starting in 2003, but never in a 2-year sequential period.

I want to talk about two pieces of legislation containing entitlement of benefits for aggregate time served, H.R. 1211 and H.R. 2702. While these two bills are steps in the right direction by providing benefits for time served, the American Legion is concerned that it fails to recognize those veterans that complete their tours honorably, but do not serve an aggregate of 2 years and do not meet the other requirements for eligibility. These veterans have served their country honorably, yet are excluded from earned benefits.

The eligibility requirement as proposed by bills H.R. 1211 and H.R. 2702 requires a servicemember to serve an aggregate of at least 2 years of honorable active-duty service in the Armed Forces after September 11th, 2001.

However, the American Legion supports a GI Bill participant reimbursement rate adjusted for time spent on activation and supports Reservists utilizing their educational benefits even after release from the Selected Reserve. Therefore, equity of benefits will remedy the situation.

The American Legion recommends benefits for time spent on Federal activation at the full-time rate proposed in the legislation for those veterans that have served less than 2 years, but also allow them to use their benefits after completion of a service contract.

If a servicemember does serve an aggregate of 2 years due to multiple deployments, extensions, or enlistment in the active-duty force, then they would be in receipt of the full duration of benefits as proposed in H.R. 1211 and H.R. 2702.

Focusing now on H.R. 2702, it grasps the essence of the original GI Bill in 1944 and seeks to provide this Nation's veterans with an educational benefit package similar to that earned by veterans in the late forties, fifties, and sixties.

Following World War II, wartime veterans saturated colleges and then used their advanced degrees to gain employment in all sectors of our country.

H.R. 2702 will pay up to the maximum amount of tuition regularly charged for in-state students for full-time pursuit of programs of education. Furthermore, it will pay for an amount equal to the room and board of the individual plus a monthly stipend in the amount of \$1,000.

Therefore, the American Legion fully supports the intent of H.R. 2702 to provide additional educational benefits for full-time, activeduty servicemembers and those individuals who are ordered to active duty as members of the Reserve components of the Armed Forces.

However, we do reiterate our recommendation to amend this proposed legislation to allow for use of benefits after service and entitlement of benefits based on time spent on Federal activation.

The final bill that I will address is H.R. 2910, the "Veterans Education Tuition Support Act of 2007." This proposed legislation identifies the current plight that returning college-bound servicemembers have been unjustly enduring from some institutions of higher learning and, accordingly, the American Legion supports this bill.

2910 recognizes the complete transformation of the Reserve components into an operational force. Activations and intermittent duty such as training or duty in support of operations are now an obligation of service.

A refund of tuition and fees prepaid by a servicemember to a university for classes not taken due to performance of military obligations is long overdue.

The American Legion is concerned that activations during the middle of a course is extremely disruptive and while legislation aims to correct injustices financially, in most cases, the veteran must restart the course and has lost valuable time due to deployment.

Madam Chair and Members of the Subcommittee, the American Legion appreciates the opportunity to present this testimony and to continue our proud history of advocating for increased educational benefits to members of the Armed Forces.

That concludes my testimony. I will be happy to answer any questions you may have.

[The prepared statement of Mr. Chamrin appears on p. 49.]

Ms. HERSETH SANDLIN. Thank you. Thank you all for your testimony.

I would now like to recognize the Ranking Member for questions. Mr. BOOZMAN. Thank you all very much for being here.

I agree with you, Colonel Norton. I think Congressman Snyder in his role being on VA and being over on the Armed Services Committee really has done a great job of bringing some things together that are very difficult to do sometimes. So, as a fellow Arkansan, we are very proud of him.

One of the things that has kind of come up a little bit as we talk about paying for adopting some sort of the full-cost mechanism.

Would that have any effect on somebody that attended a 2-year community college or trade school? Would they not have as much benefit then as somebody that attended a 4-year university type program? I mean, how do you go around things like that?

Colonel NORTON. I believe, Mr. Boozman, the way it works now is for full-time study whether at a private university, public college or university, or community college, you get, if you have a full Montgomery GI Bill, \$1,101 a month. So many veterans who actually start out at community college level could pay for all their community courses and have some additional funding for living expenses and so forth.

So that is a good thing. In other words, it is a standard benefit and if you want to go to a private school or more expensive public school, then you would have to come up with the difference.

That is why we think it is feasible for the Subcommittee to think about a national average cost benchmark. And that has been the Partnership for Veterans Education position for more than 6 years.

Mr. CAMPBELL. If you do not mind me addressing that issue real quick.

Mr. BOOZMAN. You can address it.

Mr. CAMPBELL. One of the problems with the current GI Bill that I see is it encourages people to go the cheapest school they can go to. That is why when you get a list from the VA of the top 25 schools, you know, GI Bill users, it is almost all correspondence courses.

And one of the problems we have now is we have been incentivizing going cheap and we have not been incentivizing going to the best school that they can get into.

So in the bills that we have been discussing, you know, IAVA proposes having a tuition benefit that flexes, you know, even to whatever the highest national average. But you get a certain stipend. That is not going to change.

But depending on what school you go to, you can get up to, you know, a certain amount of tuition no matter private, public, and that will incentivize going to a better school because, I mean, we should be encouraging people to going to 4-year universities and not doing all their courses online. Now, that is a good option for some people. But, you know, right now people are making money by going to correspondence courses versus barely trying to live by going to a 4-year university.

Mr. HILLEMAN. Mr. Ranking Member, if I may, your question related to a lesser benefit for veterans who seek an abbreviated program or an accelerated payment program, correct?

Mr. BOOZMAN. Yes. The question is with you being concerned because of the—and I understand what you are saying, Mr. Campbell that you would like to have the ability to get the money that you need and that might take more money than somebody that is in a lesser course and, yet there might be a real need for that tech program that you want to do.

I guess are you going to come back at some point there and say this veteran was discriminated against because he did not get as good a benefit as the other veteran with the flex that you are talking about?

Mr. HILLEMAN. In viewing the law, it is structured on a monthby-month basis, on the time table of 36 months. And certainly accelerated payments abbreviate the total number of months of usage; for example, technical school is a lump-sum payment.

If we stick to the model of using 36 months of eligibility, you should still receive a percentage of cost for whatever program they are in based on that accreditation. The veteran should not lose benefits; they are getting a number of months of education for a specific cost. Overall, there is a formula that can be worked out.

Mr. BOOZMAN. Very good. My time is about to run out, I see. One other question that if you would briefly comment because we are going to hear this is the idea that if we allow servicemembers to use their benefits after leaving the service, what is your thoughts about that negatively impacting retention rates?

Colonel NORTON. Well, I think Congress has already basically made that decision, Mr. Boozman, in that the "Defense Authorization Act," which the House passed last night, the new version, if you will, of the NDAA, and the Senate is expected to pass it early next week. It establishes a 10-year readjustment benefit for Reservists who serve on active duty.

So Congress has rejected the bogus argument about retention. People who serve in the Armed Forces, both active duty and Reserve, are volunteers. They are motivated by lots of different reasons to stay or to leave the service.

Research done by DoD itself has indicated that education ranks way down on the list either for reasons to stay in or to get out. But I think the bottom line is Congress has made the decision. Reservists who serve the Nation on active duty have earned a readjustment benefit and it will probably be signed into law within the next couple of weeks. We are very pleased to see that. Thank you.

next couple of weeks. We are very pleased to see that. Thank you. Mr. BOOZMAN. Thank you. And I certainly agree with what you just said. Thank you.

Ms. HERSETH SANDLIN. Before I recognize Mr. Hall, I would like to make a clarification to Colonel Norton. In the version of the NDAA that we passed last night, and that we expect the Senate to act on, the 10-year portability is solely for Chapter 1607 benefits. It also includes a move to 3 cumulative years for Chapter 1607. Are both of those provisions retroactive to October of 2004?

Colonel NORTON. Yes, Madam Chairwoman. That is correct.

Ms. HERSETH SANDLIN. Thank you.

Mr. Hall.

Mr. HALL. Thank you, Madam Chair and Mr. Ranking Member Boozman. I associate myself with both of your remarks and I compliment you on the way you work together on this Subcommittee.

And for our witnesses, I thank you for your eloquent, concise, and amazingly unified testimonies. It is very helpful when we have people coming in telling us basically the same thing.

What I am hearing, I think, from all of you is that cumulative service, especially with regard to Reserve, is what should count, not the longest individual tour or single deployment.

That, Colonel Norton, I summed up your testimony in one sentence. Same service, same battlefield, same benefits. Sounds like a good TV slogan. But that is very helpful to me.

Mr. Hilleman, in your written testimony, you did not mention this, but you said in your written testimony, we are not a Nation at war, we are a Nation of military at war. And that is one of the problems, I think, in terms of getting attention to these problems. And that is another, you know, whole topic that we could spend a session on alone.

West Point is in my district. I am on the Board of Visitors of West Point. My brother-in-law is a 1969 graduate and a Lieutenant Colonel who works for the Association of Graduates. And, you know, I have heard from him and from recent discussions on the Board that even there at the Academy, they are looking at increased education benefits as a way of retaining mid-level career officers to keep them.

Once they have been trained and have the experience and our country has invested in their education and their training and that now we are talking about increased postgraduate benefits to keep them reenlisting as one of the ways to do that.

So I wanted to ask maybe Mr. Campbell and Colonel Norton, do you think bonuses or education benefits are the most effective recruiting or retention tool or as a combination of the two?

Mr. CAMPBELL. I have seen a study that said for in terms of recruiting, education benefits is the number one reason for a civilian to join the military. And, you know, I echo what Colonel Norton said that in terms of retention, education benefits does not rank up there.

I know that I will be reenlisting because of the student loan repayment because having just graduated law school, I owe a lot of money. But, you know, it is not one of the reasons why people stay. It is one of the reasons why, you know, you join. There is this social contract people believe. You join the military, we will pay for school. It just seems like common sense.

And when you actually get real close to the poster, you can actually see the picture in my testimony of the sign that is outside of my drill hall. You know, there is a big asterisk that says this amount of money, you know, up to this amount of money.

And, you know, I do not think DoD is being dishonest. I just think that, you know, we have scaled back the benefits and we are not meeting that social contract.

Colonel NORTON. I would just add, Mr. Hall, that with respect to West Point graduates, as you know, since you follow this very closely, we are losing a tremendous number of company-grade officers, captains and majors in the ground forces. More than half the class of 2002 has already left the service.

More than half the class of 2002 has already left the service. They have completed their 5 years and they have said thank you very much. I may love the Army, but you are putting too much pressure on me and my family with repeated deployments.

With respect to the GI Bill, as you know, Service Academy graduates are ineligible for the Montgomery GI Bill. We would like to see and we are recommending that they should be given an opportunity for the Montgomery GI Bill if they agree to extend their service commitment.

In other words, at the end of the 5-year point, if the service says, well, if you will agree to serve an additional period of time, 3 years or more, you can now enroll in the Montgomery GI Bill. The same would be true, I think, for scholarship recipients, ROTC scholarship recipients who are also denied an opportunity to enroll in the GI Bill. In combination with tuition assistance and other cash incentives, this is what helps to encourage people to stay on board at a time when operational tempo and the pressures on them and their families are enormous.

Mr. HALL. That's a very good idea. Thank you for sharing that. I just wanted to ask about the language. Mr. Campbell, you talked about current law saying that colleges should reimburse Reservists or Guard who are called up, who are activated and have their education interrupted. And I assume that you think we should change that language to shall or must.

Mr. CAMPBELL. Most definitely. And I got an e-mail from someone who got deployed, you know, early, and it says, you know, he got back after being gone for three semesters and that school had a policy if you were gone for two consecutive semesters that you would be automatically kicked out. So he had to not only reapply, he had to take the SAT again.

And the only way they got around it was they had talked to their Adjunct General who then talked to the Governor who then talked to the University President and they let them in. But because they let them in after the deadline for readmitting, he then had to go and beg the Associate Dean of that school who just happened to be a Vietnam Marine and that is why he got back into school. And this was over six people that had this problem. It took them over 2 months before they found out they could get back into school.

And veterans do not like to beg. I mean, that is why the Veterans Services Organizations do it for them. I mean, that is why we are here, I mean, because, you know, we just do not—you know, our job is to be that voice because, you know, veterans are a humble people. They do not like to have to beg people to do the right thing, you know. And this will do the right thing by mandating that schools give refunds and mandate that they get reenrolled when they get home.

Mr. HALL. Thank you.

And thank you, Madam Chair.

My time is up. But if you have more of those concrete suggestions for how schools can accommodate returning veterans or soldiers who are leaving a very different world in combat that you described and coming back into the air conditioned, cushy academic world, the more specifics we get from you, from all of you, the better we can adjust the law. Thank you.

Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Thank you, Mr. Hall.

Mr. Donnelly, do you have questions for the panel?

Mr. DONNELLY. Thank you, Madam Chair.

In regards to these colleges who do not give a refund, in your judgment, is it just a complete lack of understanding or has there ever been explained to you a reason for this kind of conduct?

Mr. CAMPBELL. Actually, in researching this, I called all the University of California schools. And I called every one of them and asked them what is your refund policy for servicemembers. I called each of them. Only one new the answer right off. I called again, called again. And after 2 weeks, four of them knew the answer. Most people have never been faced with this issue, so they do not have policies. So when you have some administrator at some school

who does not have a policy, they are going to stick with what they know and that is there are no refunds after a certain period of time or if it is at some point, they get it pro rata.

And I actually found a General Counsel memo right as the Iraqi War started from the University of California General Counsel Office saying that the schools had the authority to provide refunds, but, I mean, no one even knew where the memo was. I am probably one of the few people in the University of California system that even knows it exists.

So, you know, most do the right thing, but, you know, there are people out there who just—I mean, it is the same reason why we have USERRA protections for people coming home about their jobs. Most jobs will just let people, you know, go back to work. But there are a few employers out there, there are a few schools out there who just do not honor service in the same way. They view it as a burden to them to let these people back into their school, that they are messing with their bureaucratic system, you know.

I will be honest with you. I am always in the office talking about something because I am always that individual who, you know, messed up the paperwork somehow and I am always trying to navigate the system because I do not seem to fit any one of the paradigms that most people do.

And, you know, we just need to be sure that we make space for these people because, you know, we did not ask. We volunteered to, you know, join the military service, but most of us did not ask to go overseas. And all we want to do when we get home is just start classes.

Mr. DONNELLY. In putting these ideas together, you also mentioned that, you know, some people are gone three semesters and they look up and they have been booted out because if you have two consecutive, you are gone.

Do you have, or can you put together for us, a list of the challenges that are faced at the college level by our vets as they leave or as they come back because I think that would be extraordinarily helpful in putting together real solid legislation in regards to this?

Mr. CAMPBELL. Definitely. And there is actually a survey being done of all the schools right now on what is their veteran population and what concerns the veterans are having in those schools. That is actually being done as we speak. So, you know, as soon as I get that information to you. And I have a lot of ideas in my head that I will be getting to you very soon.

Mr. DONNELLY. Thank you.

[The following was subsequently received from Mr. Campbell:]

Aside from the provisions contained in H.R. 2910, this issue brief was published by the Student Veterans of America and contains a list of issues facing student veterans, which appears on p. 71.

Mr. CHAMRIN. If I may just to follow-up with this. A lot of these problems are with Reserves and National Guard members. And it falls in line with the deployment cycles and all these deployment cycles are in limbo.

So, you have a Reserve member who is hearing whispers or might know that their unit is going to get deployed, so they voluntarily withdraw from school instead of being in school for 2 or 3 months and then getting withdrawn, let us say, in November which is the full-time middle of your semester.

So, passing this legislation will provide legislative protection of these people rather than having them to volunteer to withdraw from school.

I can personally attest that I withdrew from school after 9/11. I was told I was going to Afghanistan. I did not go to Afghanistan. I was out of school for 3 full years and finally went to Iraq in 2003. I did have a lot of military duty in between those times. But if I went to Afghanistan right away, it would have made more sense rather than withdrawing from school for 3 full years.

Mr. DONNELLY. Well, and, you know, thank God for the success we are having. But in my home State of Indiana over the Christmas break, we sent off 3,400 more members of the Guard. We actually had a send-off at the RCA Dome where the Colts play football. Twenty-five thousand family members, 3,400 Guard members heading to Iraq.

And so I am sure they have been for the last X number of months because it has been talked about for a year, the last X number of months in a position where they are doing those kind of things of wrapping everything up.

So the more assistance you can give us in putting together solid legislation, we would really appreciate it.

Mr. CAMPBELL. And I will also give you a copy of our deployment guide. We have designed a deployment guide for deploying servicemembers because, you know, it is not just school. It is, you know, cell phone contracts. It is rents. There are a lot of different issues that people face that we can address.

Mr. DONNELLY. Thank you.

Thank you, Madam Chairman and Ranking Member.

Ms. HERSETH SANDLIN. Thank you to all of my colleagues on the Subcommittee and to Mr. Campbell and Mr. Chamrin in particular for your perspectives on this issue. It would be very helpful to the Subcommittee and to staff to see your recommendations on how we can clear some hurdles.

In the fall of 2003, I was on the faculty of South Dakota State University and one of our National Guard units was deployed at the end of November. One of my students came up to me due to anxiety, just to ask whether or not the faculty, in their discretion, would give a grade and credit for what he had done for most of the semester. That decision was left to the discretion of the faculty members.

They were getting different responses from the faculty, as to whether or not the faculty would even give them a grade or give them an incomplete for the semester, based on the fact that they were mobilized. There was anxiety on that front as well as all of the other issues prior to mobilization and deployment.

These hurdles, that they are facing when they get back, are just a small taste of what one of these young men goes through on the front end as well as what he goes through on the back end, because he subsequently interned in my office when he returned and helped us understand what was happening to people similarly situated. I think this information will be very helpful to us. Certainly, as was noted at the beginning, we want to continue to make progress on updating and modernizing the benefits. We also know that we can be helpful in hopefully clearing out these hurdles that some folks are facing through different avenues, whether it is ultimately an amendment to an existing statute or through other avenues.

Thank you both.

Let me ask a couple of questions on the month-to-month entitlement proposal. First, Colonel Norton, could you address what Mr. Campbell was saying, and some of the changes we have made in the NDAA? Also, could you address some of his concerns about how a month-to-month process would stack up against structuring this differently, either on the administrative side or the overall benefit side? Finally, could you talk a little bit more about your thoughts and the importance of structuring this month-to-month?

Colonel NORTON. I think the principle there is to earn Montgomery GI Bill entitlement as you serve, earn as you serve. Right now under REAP, under Chapter 1607, a Reservist who serves 90 days consecutive active duty earns a very generous 40 percent of the active-duty GI Bill. To us, that is disproportionate to a total force approach to the Montgomery GI Bill.

And besides, over time, Reservists are, under operational reserve policy, going to serve multiple tours of 12 months each. That is the policy. Secretary Gates announced it last January. Many Reservists, now 142,000 since 9/11, have already served multiple tours.

So if you use a month-for-month benefit, a month-for-month cumulative entitlement, you basically are matching operational reserve policy with Montgomery GI Bill entitlement because it gets very squirrely and very confusing to do percentages when you are aggregating cumulative tours of active duty over many years of Reserve service.

And so that, I think, is the issue and the reason why month-tomonth would be a more consistent, fairer benefit, fairer to active duty and fairer ultimately to Reservists who acquire what we call 36 "Wheaties box tops." Thirty-six months of cumulative active duty should equal the full active-duty GI Bill.

Ms. HERSETH SANDLIN. In your opinion, would there be more administrative ease associated with that?

Colonel NORTON. Much less administrative hassle in doing that. Percentages are a nightmare to calculate out and they ultimately, I think, really are unfair to operational Reservists.

Ms. HERSETH SANDLIN. Mr. Campbell.

Mr. CAMPBELL. Right now servicemembers who are deployed understand the REAP Program. I mean, this is what they have been getting their education benefits based off of. And, you know, I have been in the Guard for 5 years. In about 3 days, it will be 5 years. And I have only been deployed once. And I will have finished law school during that period of time.

So the chances are most people, I have looked at the percentages, unless you are Air Force, you are only going to serve two tours within, let us say, the last 6 years. Air Force are serving shorter, but more often. Per capita, an Air Force, Air National Guard or Reservist is serving 2.4 tours versus an Army National Guard is serving  $1\frac{1}{4}$  tours at this point, so in the last 5 years. All I am saying with this is that if you look at the chart, at some point, you are going to see a precipitous dropoff. You are going to be getting a benefit that is really high 1 day and a benefit that is going to drop off about \$880 a month the next day.

Also, under the current law the way we have it set, you drop down to 1606 benefits. And as we talked about earlier, 1606 benefits are not portable. So if you get out, if you separate, you are no longer entitled to Chapter 1606 benefits. So whatever active duty months you serve, that is all you are going to get.

Now, we talk a lot about fairness is that this is what people have been expecting and, you know, if you change the system, certain people who have served a 12-month tour are going to get less benefits overall. Like, if you do the math, if you look at the chart, over 36 months, if you have done a 12-month on a month-to-month, you are going to get \$3,000 less over the lifetime.

So if you had done three tours, this is great. The month for month is perfect. But if you do just one 12-month tour or an 18month tour, you are going to get less benefits overall than you would in changing to cumulative service.

That is why I put them all here. It is very kind of complicated like looking at the numbers. But I have done the analysis. And for a 12-month tour and an 18-month tour or two 9-month tours, you are going to get more benefit overall, over your 36-month period than you would on a month-to-month basis.

And it is much easier to change it. It literally is changing a couple words. You say continuous. You cross it out. You write cumulative. And people understand the REAP program and no one is going to be looking at it going, man, I am going to get less money now. Everyone in this situation is going to get more money than they are right now versus a month-for-month program, some people are going to lose and some people are going to win. And I do not think that is fair.

Ms. HERSETH SANDLIN. Mr. Hilleman, Mr. Chamrin, do you have any responses or thoughts on this particular question?

Mr. HILLEMAN. Our view is that a simple fix to the current existing law would be to remove cumulative service and put in an aggregate service. Based on the difference between a month for month versus a simpler fix like that, they are both equitable solutions under the law, but the concern of a precipitous drop-off is legitimate.

There are ways to structure a month-for-month program where there will not be a precipitous dropoff, but that would have to be funded at a specific level or tied to some percentage or tied to a specific rate throughout the duration of their 36 months of eligibility.

Mr. CHAMRIN. Madam Chair, I more or less agree with Colonel Norton that the month-for-month benefit is going to be a greater benefit. It is a delicate balance because we feel that the country is better served with the members actually doing the full-time active duty rather if you are going to be deployed multiple times. When you are overseas, you are in a better, how do I say it, more active capacity serving our country and earning benefits.

So with the military having multiple deployments and having these people going over maybe 12 months here, 15 months there, or a cumulative of 30 months, overall, I think we are better serving our military by having these people go through this deployment instead of having a cumulative time of a percentage. You always want to make sure that it is the time served on active duty.

It is rather complicated. And we do not have a solid answer on that. We want to best equip the Committee to make their decision.

Ms. HERSETH SANDLIN. Does anyone have any further questions for the panel?

[No response.]

Ms. HERSETH SANDLIN. One final question. Does any member of the panel oppose making Chapter 1606 benefits portable for a 10year window?

Colonel NORTON. I would say, Madam Chair, that we have not officially opposed it, but I would say that under the principle of benefits commensurate with your service, Chapter 1606 is for a 6year enlistment in the Reserve or the National Guard and for drill duty, drill training, and for 2 weeks of annual training. It is not an active-duty benefit.

And since Reservists in 1606 status are 90 percent of the time in civilian life, they do not need a readjustment benefit. What we would, however, suggest is removing the 14-year in-service limitation for 1606 so that if you have remaining 1606 entitlement and you continue to serve in the Reserve and the Guard, as long as you serve, you could continue to use up that benefit. But once you leave, that benefit should cease.

Ms. HERSETH SANDLIN. Thank you.

Thank you to all of you, for your testimony, insights and answers to our questions. We look forward to continuing to work with you on all of the issues you addressed in your testimony, and the particular areas of interest directed to you by Members of the Subcommittee.

Congratulations on finishing law school, Mr. Campbell.

Mr. CAMPBELL. Thank you.

Ms. HERSETH SANDLIN. Many of us up here know how grateful we were when we finally finished law school or other graduate programs.

Again, thank you all for your continued service to our Nation's veterans.

I would now like to invite the second panel of witnesses to the table. We have Mr. Thomas Bush, Acting Deputy Assistant Secretary of Defense for Reserve Affairs, U.S. Department of Defense; Dr. Curtis Gilroy, Director for Accession Policy, Office of the Under Secretary of Defense for Personnel and Readiness, U.S. Department of Defense; and Mr. Keith Wilson, Director of Education Service for the Veterans Benefit Administration for the U.S. Department of Veterans Affairs.

Welcome and thank you for being with us today. We appreciate having you back to the Subcommittee. Again, your written statement will be made part of the hearing record. So if you could limit your opening remarks to 5 minutes, we would appreciate that.

Mr. Bush, you are recognized first for your opening statement.

STATEMENTS OF THOMAS L. BUSH, ACTING DEPUTY ASSIST-ANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS, U.S. DEPARTMENT OF DEFENSE; CURTIS L. GILROY, PH.D., DI-RECTOR FOR ACCESSION POLICY, MILITARY PERSONNEL POLICY, OFFICE OF THE UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS, U.S. DEPARTMENT OF DEFENSE; KEITH M. WILSON, DIRECTOR, EDUCATION SERV-ICE, VETERANS BENEFIT ADMINISTRATION, U.S. DEPART-MENT OF VETERANS AFFAIRS

### STATEMENT OF THOMAS L. BUSH

Mr. BUSH. Thank you, Madam Chairwoman, Congressman Boozman, and Members of the Subcommittee. Thank you for the opportunity to share the views of the Department on proposed changes to the educational assistance programs for members of the National Guard and Reserve.

First, I think it is important to understand why we are so interested in the retention aspects of the incentive programs. The basic commitment for a Guard and Reserve member is to serve in the Ready Reserve. The member incurs a commitment to serve in the Selected Reserve if he or she receives an incentive.

The incentives we use to accomplish this are bonuses, loan repayments, which you heard in the previous panel, and the Montgomery GI Bill for the Selected Reserve. The Reserve Education Assistance Program or REAP also serves as a retention incentive as currently structured.

As we review various proposals to change the incentive programs, we must determine if those changes help us or hinder us in managing the force.

While our written statement provides detailed comments on each of the bills being considered by the Committee, I will quickly summarize key points of four bills that directly affect the Guard and Reserve.

H.R. 2910 would amend the "Servicemembers Civil Relief Act" to prescribe in law practices instituted by DoD over 15 years ago. Until I heard the previous panel, I was going to say that we had worked successfully with the education community through the State Governors and the Servicemembers Opportunity Colleges (SOC) to assist student Reservists in obtaining a refund that they paid for a semester they were unable to complete because of military service, receive partial credit, and allow Reservists the right to return to their institution following completion of service.

We have never pursued a USERRA type legislation for education because in all our dealings with SOC and other institutions, our efforts appeared to be successful. We have always asked when people proposed legislation to identify the problem, give us examples. Mr. Campbell provided examples.

H.R. 1211 would allow Reserve component members who accrue an aggregate of 2 years of active duty in a 5-year period to qualify for the Chapter 30 MGIB benefit. The concept of allowing a member to accumulate periods of service rather than serve continuously to qualify for benefits is a principle that is compatible and consistent with the Department's continuum of service construct. The continuum of service is designed to allow members greater flexibility in managing their military careers and to receive benefits commensurate with their level of service, whether their service is continuous or periodic.

However, we defer to VA since this program is administered by the Department of Veterans Affairs.

H.R. 2247 would repeal the 14-year limit and 10-year delimiting period under the Montgomery GI Bill-Selected Reserve (MGIB–SR) benefit and the 10-year delimiting period for disabled veterans under the REAP benefit.

The Department supports eliminating the 14-year delimiting period provided the requirement for continued service in the Selected Reserve is retained. We also support repealing the 10-year delimiting period under both Reserve Education Assistance Programs for members separated because of disability.

I must note that section 3 of the bill, which would repeal the 10year limit for disabled members under the MGIB–SR Program, also eliminates our authority to even pay disabled veterans.

The Department does not support H.R. 1102 which would recodify Chapters 1606 and 1607 of Title 10 as a new Chapter of Title 38. It is neither helpful, nor do we believe it is appropriate, to make the Department of Veterans Affairs responsible for DoD recruiting and retention programs.

As I stated in my oral remarks the last time I appeared before this Subcommittee, my boss, Secretary Tom Hall, has strongly advocated for improving the MGIB–SR benefits by restoring the benefit level to its previous relationship to the active-duty program and by eliminating the 14-year delimiting period for members who continue to serve in the Selected Reserve.

We believe these changes would strengthen the program and serve our Reserve component members well while helping the Department achieve its force management objectives.

On behalf of the 1.3 million members of the Guard and Reserve and all those who have served in the Guard and Reserve, I would like to thank each of you for all you have done to support them. I look forward to answering your questions.

Ms. HERSETH SANDLIN. Thank you very much.

Dr. Gilroy, you are now recognized.

#### STATEMENT OF CURTIS L. GILROY

Mr. GILROY. Madam Chair, Ranking Member Boozman, Members of the Committee, and the hardworking staff who sit behind, happy New Year to you as well. We are delighted to appear before you once again to discuss educational assistance programs in general and some specific legislative proposals in particular.

As you know, my office has oversight for all active-duty enlisted recruiting across the country as well as officer commissioning programs. So my remarks will be limited to the active-duty force. I have three points to make.

Point number one, the Montgomery GI Bill Program and the supplemental kickers, which combine with the basic benefit to form the service college funds, continue to be a cornerstone of our military recruiting efforts, attracting our prime—high-aptitude youth with a high school diploma. As you know, money for college continues to be one of the most important reasons why young men and women enlist in the military today. Ninety-seven percent of new enlistees in the active-duty force have chosen to participate in the Montgomery GI Bill Program, and that is testimony to how important this program is.

Point number two, today's Montgomery GI Bill has its lineage, as you very well know, in the post World War II GI Bill of Rights during which time, of course, we had a conscripted force. It was a different military force than we have today. Its purpose was to ease the transition of so many servicemembers to civilian life.

Today, we have a volunteer military and we use the Montgomery GI Bill benefit for its original intended purpose to be sure. But we also use it for a different purpose. It assists us in recruiting and retaining the force—for force management purposes. That is an important point to make.

Point number three, you asked us to specifically comment on some current legislation revising the MGIB, and how increases in benefit levels might affect the active-duty force.

In and of itself, that would be a good thing for all members and we support that in principle, but the value of the educational benefit is important not only to the servicemembers themselves, but also in terms of its effect on recruiting and retention.

The benefit, as I have testified before, has to be large enough to be an effective recruiting incentive but not too large as to seriously and adversely affect retention.

There is a fragile balance that must be maintained between the benefit in terms of its effects on recruiting and retention. If the benefit is too large, for example, many members will leave after their first term. This lowers first-term retention and reduces the number of petty officers and NCOs that we have in the force. It also puts more pressure on recruiting to back-fill for those losses.

In addition, it also changes the force inventory or the force profile of the services, and that can adversely affect readiness.

If the basic benefit is increased significantly beyond what I have called in past testimony the tipping point as these two bills would do, then retention will suffer and the services will then need additional incentives, retention incentives, if you will, to rebalance that relationship.

We need to understand that there are not only significant budget implications to increasing the value of the benefit itself, but additional budgetary implications to bolster retention incentives.

But we can pursue this tipping point issue in the Q and A period if you so desire.

In conclusion, I appreciate the opportunity to appear before you today, and I thank the Committee for both promulgating and protecting the educational benefits for servicemembers and for veterans. And we all stand by to answer questions when we are through with our prepared remarks. Thank you.

[The prepared statement of Mr. Bush and Mr. Gilroy appears on p. 54.]

Ms. HERSETH SANDLIN. Thank you very much.

Mr. Wilson, you are now recognized for 5 minutes.

### STATEMENT OF KEITH M. WILSON

Mr. WILSON. Thank you. And good afternoon.

I appreciate the opportunity to appear before you today to discuss a number of bills that would affect educational assistance programs administered by VA. We have several to comment on, so I will dive right into it.

H.R. 1102 would recodify the provisions of Chapter 1606 and Chapter 1607 relating to educational assistance for members of the Reserve components of the Armed Forces in Subchapters 1 and 2 respectively of a new Chapter 38 entitled Chapter 33 in Title 38 of the U.S. Code. The bill would also make substantial revisions to such provisions as so recodified.

VA opposes H.R. 1102 as currently drafted. H.R. 1102 would create a VA role in the determination of those servicemembers that could qualify for kickers. This is a force management objective in which VA has no expertise and is correctly now within the jurisdiction of DoD.

Recodification would result in some members becoming eligible for less benefits than those to which they are currently entitled.

If enacted as currently drafted, H.R. 1102 would result in members of the Reserve forces receiving the same benefit for 90 days of active service as those active-duty members earn for 3 years of active service.

VA estimates that if enacted, H.R. 1102 would result in an increase in VA's readjustment benefits appropriation request of \$844.3 million for the first year and \$8.4 billion over 9 years. This increase reflects the change in appropriation structure requiring VA to increase its appropriation to cover the obligations associated with these payments.

VA estimates the net impact of H.R. 1102 to the Federal Government would be an increase of approximately \$416 million in the first year and approximately \$4.9 billion over 9 years.

VA's general operating expenses costs are estimated to be \$7.3 million over 10 years. In addition to the policy objective stated above, we oppose this legislation because the direct costs involved are not included in the budget and the legislation does not identify corresponding offsets.

Moreover, in order to ensure effective implementation of the proposed bill, VA would have to significantly enhance and replace existing accounting systems. We estimate approximately 18 months would be needed to complete this process and we have no current estimation of the costs involved.

H.R. 1211 would amend section 3012 of Title 38 to provide entitlement to educational assistance under Montgomery GI Bill active duty for members of the Selected Reserve who aggregate more than 2 years of active-duty service in any 5-year period commencing with the first active-duty orders received during the period September 11th, 2001, to December 31st, 2008.

VA has concerns regarding section 2(d) as it is currently written. Under that section, the \$1,200 initial contribution is collected during the first 12 months of active-duty service instead of at the end of the active-duty period.

It follows, therefore, that the member would have to make a benefit election at the beginning of the deployment when unaware of whether he or she will ever see the aggregate active-duty period required to establish eligibility.

Additionally, because of the potentially large direct costs without identified offsets, VA opposes this bill.

H.R. 1214 would expand and enhance educational assistance under VA's Survivors' and Dependents' Educational Assistance programs under Chapter 35. VA does not support H.R. 1214 for several reasons.

First, we do not believe it would be equitable to allow Chapter 35 recipients to receive far more benefit dollars up front than veterans, servicemembers, and Reservists who are not eligible to receive benefits under Chapter 35.

There also would be a significant direct cost associated with Chapter 35 entitlement exempting the 48-month maximum entitlement rule.

H.R. 2247 would eliminate time limitations for eligible individuals to use their educational assistance benefits under the Montgomery GI Bill. VA cannot support the bill's proposal to eliminate the current delimiting date provisions because no cost offsets have been identified to cover the potential costs due to a significant increase in usage.

H.R. 2385 would establish in a new Chapter 33 of Title 38 U.S. Code a new program of educational assistance for veterans who serve in the Armed Forces after September 11th, 2001, and would require enhancements in housing and entrepreneur assistance as well.

VA opposes H.R. 2385. We believe this bill's provisions relating to deployment are vague and overly broad. Basing eligibility on active-duty location would create significant administrative burdens that could negatively impact our ability to timely and accurately deliver benefits.

H.R. 2702 would add again a new Chapter 33 to Title 38 that would in general require an individual to serve at least 2 years of active duty with at least some period of active duty served beginning on or after September 11th, 2001.

VA has serious concerns about several provisions of H.R. 2702 and, therefore, must oppose it. The complexity of the eligibility requirements, the anticipated high costs with no apparent offsets, and the anticipated excessive administrative burdens associated with this bill are all problematic.

Madam Chair, this concludes my statement. I would be pleased to respond to any questions you or other Members of the Subcommittee may have.

[The prepared statement of Mr. Wilson appears on p. 57.]

Ms. HERSETH SANDLIN. Thank you, Mr. Wilson.

I now recognize the Ranking Member for questions he may have for the panel.

Mr. BOOZMAN. Thank you. Thank you, Madam Chair.

Mr. Wilson, do you have any data on when veterans begin using the GI benefits following their discharge?

Mr. WILSON. I am not aware that we collect any information on that. I would be happy to see if we can do some data mining and come up with something though. At this point, I am not aware of any. [The following was subsequently received from VA:]

We do not have data to fully answer this question.

We are, however, able to identify general trends in usage. Our historical data shows that usage rates peak in the 2nd to 4th year after separation.

Mr. BOOZMAN. We were just curious as to when it kicked in. And, again there has been some discussion about the number of vets leaving school because of military orders and the problems that occurred.

Do you have any numbers on that?

Mr. WILSON. On the number of veterans that interrupt their training—

Mr. BOOZMAN. Yes, sir, or withdraw.

Mr. WILSON [continuing]. Because of activations?

Mr. BOOZMAN. Yes.

Mr. WILSON. We do not. We will work with the Department of Defense, though, to see if we can—

[The following was subsequently received from VA:]

VA does not track the overall population who withdraw from school because of active duty orders. We understand the DoD is unable to provide this information. However, the Defense Manpower and Data Center (DMDC) have data which dem-

However, the Defense Manpower and Data Center (DMDC) have data which demonstrate that 79,730 members of the Selected Reserve had used some of their MGIB–SR benefits before they were activated for the Global War on Terror.

Mr. BOOZMAN. It does not sound like that there is a large number, but we have heard testimony that in some cases, it appears to be a real burden so I guess we would like to follow-up on that.

Mr. Bush, is there a technical issue with the REAP 10-year provision in the NDAA? Can you kind of elaborate on that as to what is going on?

Mr. BUSH. Yes, sir. As we have looked at the 10-year post-service benefit provision in the NDAA, and I assume that is going to be in the bill that was passed by the House and is being considered by the Senate now. The way that provision is written, it essentially requires the member, it allows the member to use the benefits for 10 years after they separate from the Selected Reserve. I am sorry. It allows a Selected Reserve member.

So the first technical issue is, we have Individual Ready Reserve members that also serve that are not covered by the provision.

The second issue is the 10-year time clock starts when the member separates from the Selected Reserve. The provision also says that they cannot receive the benefit until they have completed all their service obligation.

As I state in my testimony, the service obligation is to serve in the Ready Reserve. So we may have people that leave the Selected Reserve, still have a service obligation, and cannot use the benefit until they separate.

And generally when they leave the Selected Reserve, they still have a service obligation, and are put in the individual Ready Reserve. The provision does not cover individual Ready Reserve members. Therefore, there is no benefit for them.

Now, the only way to get around that is for us to take a member that had the benefit, left the Selected Reserve, decides to separate, move them into the Selected Reserve for 1 day, and then separate them. That would create the benefit. Their clock would already have used up some of that 10-year period. It also then drives up our attrition rate artificially.

The other concern with the provision in general is while I talked about the 1607 being a retention tool, with that transition provision in there, it looks exactly like the Chapter 30 benefit. It no longer serves a DoD recruiting and retention purpose, yet DoD is still responsible for paying for what is now a veteran's benefit.

still responsible for paying for what is now a veteran's benefit. Mr. BOOZMAN. Okay. Thank you, Madam Chair. We probably would have a couple more questions that we would like to submit in writing, if that is okay. Thank you very much.

Thank you for your testimony.

[No questions were submitted.]

Mr. BUSH. Yes, sir.

Ms. HERSETH ŚANDLIN. Thank you, Mr. Boozman.

We are facing some time constraints, since that series of votes took much longer than we anticipated, and some of the other questions I have I may submit in writing as well.

I would like to thank the Ranking Member for his questions and his good work on the issue. I am glad you posed that question. I will follow-up on your point.

Mr. Bush, I know the Department of Defense has long opposed that particular provision that made its way into the NDAA in terms of the 10-year portability. I appreciate that you identified some of the technical issues that hopefully we can work through.

If we assume for the moment that the authorization is signed into law, and that provision remains in the final NDAA version, then your testimony suggests that Chapter 1607 no longer serves recruitment and retention goals. It appears to be a readjustment benefit.

Mr. BUSH. Yes, ma'am. That is exactly right.

Ms. HERSETH SANDLIN. I understand the concern about the Department of Defense in terms of your budget and what is allocated to something that really is no longer serving a direct objective of DoD.

Would you then continue to oppose recodification of Chapter 1607 benefits to the VA and, therefore, we would deal with it in future budgets perhaps as it relates to the VA's budget?

Mr. BUSH. It certainly appears from the DoD perspective that it no longer belongs in Title 10.

Ms. HERSETH SANDLIN. Thank you.

Mr. BUSH. If it no longer serves a recruiting and retention and force management purpose, we have no business being in the Veterans' Affairs area. And that is exactly where we are now.

Ms. HERSETH SANDLIN. Okay. At the beginning of your testimony, you had mentioned one of the reasons you have not pursued, in the past, a USERRA type approach as it relates to the refunds and the protections for students as they are returning from deployment.

In light of Mr. Campbell's testimony and other examples, we would look forward to working with you as well to find the best approach to deal with that subset of universities and colleges where we are seeing a problem and sharing information, and whether it is going to require a legislative fix. There are a lot of other questions we will be asking, and seeking answers to. I get the sense that you, and I think Mr. Campbell even acknowledged, that the vast majority of our colleges and universities are doing the right thing.

Again, I would hope that we would have an opportunity to work with you, as well in terms of what has been most useful to you given the progress we have made and the good outcomes that we have, as it relates to communicating with, and perhaps looking at, legislation that may be necessary to ensure that all colleges and universities are doing the right thing by our servicemembers.

Mr. BUSH. Can I just comment on that?

Ms. HERSETH SANDLIN. Please do.

Mr. BUSH. We have periodically over the course of the years looked at should we have some USERRA type protection for students. As I said, nobody was able to come up with concrete cases.

We checked with SOC who is the primary agent that we have been working with to help student Reservists as late as yesterday. Actually, the number of people that have contacted them has gone down dramatically. They have very, very few cases at all, if any.

There may be two problems. We may not be getting the word out. But if we have cases where people are not getting the protections, you know, the ability to reenroll in a school and we cannot do that through our voluntary efforts, then clearly we need some horsepower to do that and that horsepower is in the form of legislation. And we would be happy to work to create the appropriate legislation.

Ms. HERSETH SANDLIN. I appreciate that very much because we have to reconcile the amount of reporting versus anecdotal evidence, and whether or not some of the folks that are returning from these particular deployments are expressing those views. Hence, what are the avenues they are using to communicate their problems? Obviously we have some examples out there.

I appreciate your willingness to work with us recognizing that there may be a need for the horsepower of legislation. I see that you have already evaluated the possibility of having to use that in the past. So, thank you very much.

You did defer to Mr. Wilson as it related to the administrative issues associated with aggregate versus periodic.

Mr. Wilson, if you might address this issue, as it relates to some of the proposals that we have seen, whether it is month-to-month and the administrative ease versus the burden from your perspective. Also, please comment on the month-to-month versus what we currently have in REAP, the issue of cumulative aggregate versus the consecutive and the periodic calculation of these benefits.

Mr. WILSON. The issue of month-to-month is something that is going to have to be looked at very, very carefully. The first panel did a very good job, I think, of articulating some of the administrative challenges that individuals are dealing with right now. And I would concur with everything that they indicated.

And, specifically, it is correct that some individuals, depending on their training situations, would end up receiving less benefits under a month-to-month benefit rather than a 36-month flat rate.

We also have concerns about how a month-to-month benefit would impact an individual's ability to actually meet a readjustment goal. An individual will go into school now or follow some type of training program knowing that he or she has have 36 months. When they go into the program, they know 36 months. This is what I have to accomplish in 36 months.

If they are achieving a month-to-month benefit, taking into account there is a lot of times no clear time at which a person's service necessarily stops, he or she could go back in and earn yet more months. There would be a concern, I believe, concerning how that would actually impact the ability to fulfill a training program that is established by the individual.

The administrative burden of month-to-month would be something that we have no experience in as well. Generally speaking, all of the benefit programs have been an established length of time.

Going back to the World War II program, the World War II program was somewhat different in that under the World War II program, an individual earned 12 months of benefits, plus time on active duty. So there was at least a baseline that an individual had to work from in addition to the months of benefit that they would earn due to their active duty.

So a month-to-month would be very different for us. Currently we have no mechanism to track to the month of service. That is not reported from DoD to us through the electronic systems we have. We would have to create some type of mechanism to not just capture that information, but on an ongoing basis continue to capture that information for the life of the military commitment of the individual.

Ms. HERSETH SANDLIN. Well, let me explore that for a moment. Based on what you just stated, under the current administration of Chapter 1607, there is transmission of information from DoD based on the percentages that are used to calculate the benefit, the time served on active duty, and the deployments.

There is a system of sharing information in place that would be similar, as it relates to a month-to-month. Am I correct on how that is being communicated to the VA?

Mr. WILSON. They report the length of time that an individual is on active duty. That is correct. My understanding, though, is that the goal going back to MOAA, and perhaps I misunderstand the question, is to apply the month-to-month to all the benefit programs. And perhaps I misunderstood that point. Ms. HERSETH SANDLIN. That is a good question. We will clarify

that, although, I think it is 1607

Mr. WILSON. Okay. If it was limited to the Reservist programs, it would make it somewhat easier, but we would still continue to have the issue of continued and follow on activations. So an individual would still face the problem of I do not how many months of benefit I am going to have when I decide to go into training program X.

Ms. HERSETH SANDLIN. Okay.

Mr. BUSH. Madam Chairwoman, could I comment on that?

Ms. HERSETH SANDLIN. Yes, please.

Mr. BUSH. Could I use just a couple examples? And I think from a DoD perspective, from a servicemember perspective, that is a disservice to our members. I will give you two scenarios.

If I take the Air Force Air Expeditionary Force rotation cycle, 4 months on and there are four 4-month periods off and then 4 months on, month-to-month, they are going to get 4 months. They will use that for 4 months and then they will have three 4-month periods in here where they are not eligible for any benefits. They will earn their next benefit at their next 4-month rotation. So they will be in school with the benefit, out of school or in school with no benefit.

Do the same math for our one-in-five rotation, which we are trying to get to for the Army, they earn 12 months worth of benefit if we activate them for 12 months. Come back. They use 12 months. There is going to be 4 years here when there is going to be no benefit before they would earn another benefit.

be no benefit before they would earn another benefit. So I think what Mr. Wilson's point is, if I am trying to go to school and get a 4-year degree, I can pay for 12 months worth of that and that is it. That is the way I am understanding the monthfor-month entitlement.

Ms. HERSETH SANDLIN. I see what you are saying. Again, we will explore this more in follow-up questions. If we are talking about just Selected Reserve, however, for those who do not separate, there is the 1606 benefit that they can be utilizing continuously. Mr. BUSH. That is correct. And that gets into the earlier testi-

Mr. BUSH. That is correct. And that gets into the earlier testimony of the rate changing, having a higher benefit, coming back to smaller benefit if somebody signed up for the 1606 benefit.

Ms. HERSETH SANDLIN. Right.

Mr. BUSH. So it is contingent on that.

Ms. HERSETH SANDLIN. One last question. This is very helpful testimony because I think we are trying to build on what we have accomplished and more of the issues of equity for Selected Reserve that have been brought to our attention, without neglecting the issue of reimbursement, higher reimbursement overall, which we have not focused on as much in this hearing, but we will continue to work with you in follow-up questions.

I did have one question on that topic, Dr. Gilroy. In the testimony that was submitted by both you and Mr. Bush, you stated that: "This past year, the maximum benefit of the service college funds covered 140 percent of the average total expenses at a public 4-year university."

Can you tell me how many servicemembers qualify for that 140 percent level, and how many go on to use it?

Mr. GILROY. Roughly, if I have my statistics right, I think the estimate is around 12,000 individuals. Those are individuals who not only take advantage of the MGIB basic benefit, but they also are offered a so-called kicker, a supplementary educational benefit.

And I am very glad you brought this up, Madam Chair.

Ms. HERSETH SANDLIN. Let me clarify this point.

Mr. GILROY. Yes, ma'am.

Ms. HERSETH SANDLIN. The 12,000 individuals are those who qualify and go on to use it?

Mr. GILROY. They receive the benefit. Whether they use it or not, I do not know. That would be a Veterans Administration question, the usage of that benefit. But they do receive the benefit.

Ms. HERSETH SANDLIN. Mr. Wilson, do you know?

Mr. WILSON. I do not know, but we can work with DoD to-

Ms. HERSETH SANDLIN. Get us that information.

Mr. WILSON [continuing]. Mine the data. Yes.

Ms. HERSETH SANDLIN. Okay.

Mr. WILSON. We will provide you with those data.

[The following was subsequently received from VA:]

According to the DMDC, between Fiscal Year (FY) 2005 and FY 2007, 3,082 individuals have been offered the \$950 kicker and have a service obligation that will qualify them for the 3-year Montgomery GI Bill-Active Duty (MGIB-AD) rate. Of those individuals, 39 have begun to utilize their education benefits. Please note that because this kicker was not offered until FY 2005, most will not claim their benefit until they have completed their enlistment. The \$950 kicker generally requires a 5- or 6-year service obligation.

Ms. HERSETH SANDLIN. Great. Please continue.

Mr. GILROY. Yes. I am glad you brought up the kicker portion of the educational benefit that because one of the reasons why my office has problems with H.R. 2702 and H.R. 2385 is because in addition to raising the benefit for everyone to a relatively large level over and above what it is now, beyond the tipping point, they have also eliminated the so-called kickers.

And why that is important is because the Army and the Navy, especially the Army, use these kickers to channel new recruits into critical military occupational specialties that are very hard to fill. Without those benefits, some of these jobs would go unfilled and they are very important for force readiness.

We need more flexibility in our benefits package or our compensation package, not less flexibility. And this provision would decrease the flexibility that the services have, particularly the Army, in an especially challenging recruiting environment.

Ms. HERSETH SANDLIN. Thank you.

Thank you all for your testimony and your answers to the questions, and for your ongoing service to our Nation's servicemen and women, and our veterans across the country. We appreciate your insights, and look forward to working with you further on these topics. The hearing stands adjourned and we look forward to seeing you

The hearing stands adjourned and we look forward to seeing you again soon.

[Whereupon, at 4:18 p.m., the Subcommittee was adjourned.]

# APPENDIX

#### Prepared Statement of Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity

Like many of my colleagues here today, I recently had the opportunity to meet with local government officials and veterans back in my home state of South Dakota. During one of my meetings, I had the opportunity to speak with the leadership staff of South Dakota Governor Mike Rounds and the South Dakota Adjutant General (Major General Steven Doohen) about ways to improve existing veterans programs.

In particular, we discussed this Subcommittee's efforts to update the Montgomery GI Bill and the provision we have worked on with the House Armed Services Committee Members to expand education benefits to our Reserve Forces. While the future of the National Defense Authorization Act for fiscal year 2008

While the future of the National Defense Authorization Act for fiscal year 2008 is unclear, we in this Subcommittee remain committed to improving the educational assistance programs for our nation's servicemembers, veterans and their dependents.

Currently, NDAA fails to include language to recodify Chapters 1606 and 1607 from the authority of the Department of Defense to the Department of Veterans Affairs. While this is a disappointment to all those advocating for this change, I am glad that we did succeed in making progress for our Nation's Reserve Forces. Included in the final version of the NDAA, we were able to gain bipartisan support for language that would allow certain members of the Reserve Forces to use their REAP education benefits during the 10-year period beginning on the date which they separated.

Today's hearing will focus on several bills that have been identified as containing components advocated by the veteran community. I appreciate the positive response of the VSOs in helping us identify the areas of interest by submitting their top five legislative priorities for us to review as we consider updating existing Montgomery GI Bill entitlements.

I look forward to working with the Members of this Subcommittee, and our colleagues in Congress to streamline, update and expand existing MGIB entitlements.

#### Prepared Statement of Hon. John Boozman, Ranking Republican Member, Subcommittee on Economic Opportunity

Good afternoon everyone. Madam Chairwoman, I appreciate your bringing us together to discuss the future direction of the GI Bill. As in the other programs under our jurisdiction, GI Bill education and training benefits provide veterans and surviving dependents with the opportunity to achieve financial independence outside of any other VA benefits they may receive. According to the College Board, those with a bachelor's degree will make at least \$1 million more over a lifetime than someone with a high school diploma. Clearly, it pays to invest in education and training for veterans.

You and I have held several hearings on this subject over the last three years and we have heard from literally dozens of witnesses about the need to make changes to reflect today's operational environment. Today, members of the National Guard and Reserves are carrying a huge portion of the War on Terrorism and if nothing else, I hope we can find a way to improve their benefits in a way that reflects their expanded role in our Nation's defense.

I am very concerned that 30% of those who sign up for the GI Bill never use a penny of the benefit. There are many reasons they don't use their GI Bill benefits, some of which would be difficult to overcome, but I think we can reduce that 30% to a significantly lower number by adding flexibility to the program and I want to work with you on that.

Several of today's bills would pay veterans what is described as the full cost of education. If that is to be our goal, I think we need a real understanding of the true cost of education to a veteran considering the many sources of financial assistance available today.

For example, according to the College Board, the average tuition and fees at a public 4-year institution is about \$5,800 and about \$2,300 at 2-year schools. Board data also shows that 65% of all students attend 4-year schools with tuition and fees below \$9,000 per year, 56% attend public 4-year schools with tuition and fees ranging from \$3,000 to \$6,000 per year. Finally, the College Board data indicates 41% of all students attend a 2-year school with a net cost, considering all forms of aid at less than \$100. I am quoting those figures to show that the full cost of tuition and fees varies significantly and there are opportunities to attend a wide variety of schools at reduced cost. Obviously, room and board costs will add to those costs bringing the 4-year public IHL average to about \$14,000 per academic year.

Today, there is a mix of Federal, state and institutional financial aid packages available today that did not exist for earlier generations of veterans. Let's consider just one option and that is the Pell Grant program. The max grant is now about \$4,300 per school year. If the grant program did not consider military pay, most freshly discharged veterans would qualify for the full amount. The Pell Grant program also includes several income waivers for veterans that would allow a vet to work part time without impacting the Pell Grant amount. So, between the GI Bill and Pell Grant, a vet could receive over \$14,000 for a standard 9-month school year and that would not include any "kickers" or buy-up amounts or other Title 4 education benefits. It is also important to recognize that many states offer significant education benefits to veterans or those on active duty or serving in the Guard.

education benefits to veterans or those on active duty or serving in the Guard. There is some good news. VA has significant progress in lowering the processing time for original and supplemental claims for education benefits. In FY 07, VA averaged about 32 days for an original claim. Today it averages about 23 days. Supplemental claims are down to under 10 days from 13 last year. I wish the folks at C&P could do as well. I note the Education Service has achieved a high level of automation to accomplish that decrease and again, C&P should follow suit. Finally, Madam Chairwoman, you and I would make many improvements if we

Finally, Madam Chairwoman, you and I would make many improvements if we had the paygo offsets. However, paygo is a fact of life we must live by until Congress changes the budget rules. There are lots of education bills out there, some of which are estimated to cost up to \$75 billion over 10 years. That type of legislation does not appear within the realm of possibility under paygo.

I yield back.

#### Prepared Statement of Hon. Susan A. Davis, a Representative in Congress from the State of California

The Veterans Education Tuition Support Act or H.R. 2910 addresses some of the difficulties our military personnel face when they are activated while attending college.

lege. Thousands of military reservists have been activated to fight in Iraq and Afghanistan directly from their college campuses. In fact, students at 82 percent of colleges and universities in the United States have been called to serve since military operations began in Iraq and Afghanistan.

ations began in Iraq and Afghanistan. Yet only 26 states have laws on the books to protect the interests of these students while they serve their country, according to the Congressional Research Service.

Unfortunately, as a result, students who serve in the military sometimes face unique hardships when called upon to defend the United States.

The majority of colleges and universities refund tuition and fees to students when the activation occurs during the academic calendar. However, instances have occurred when a servicemember has not been reimbursed for lost tuition and fees.

Servicemembers have also been known to face difficulties reregistering for classes after returning home after the deployment. In addition, activated military personnel have received collection notices for student loans while serving in combat zones.

Our brave men and women in uniform should not face this additional stress while serving in a combat situation.

The goal of the VETS Act is to provide servicemembers with certain rights when they delay their educational pursuits for the important cause of defending our country.

try. The legislation adds to the Servicemembers Civil Relief Act to protect the student servicemember. Specifically, H.R. 2910 treats student loan debt the same way it treats other forms

of debt by capping interest at 6 percent during deployments. The legislation also requires colleges and universities to refund tuition and fees for unearned credit, and in addition, guarantee our servicemembers a place when they return to school.

Finally, the legislation would give servicemembers 13 months to begin paying their student loans after an activation should they decide not to return to school immediately.

The deferment will give them time to readjust back to civilian life should they decide they need extra time to go back to school. I am pleased to report that the 13-month loan deferment was included in the College Cost Reduction Act signed into law last year.

I am hopeful we can act soon to pass the other provisions of the VETS Act so servicemembers will know that they can return to school after serving their country.

The VETS Act is centered on the recommendations made by the Iraq and Afghanistan Veterans of America (IAVA) based on the experiences of the group's members. I am pleased to have worked with Patrick Campbell who is testifying today to make sure the bill would give our men and women in uniform the protections they need and deserve.

I would like to thank Chairwoman Herseth Sandlin and Ranking Member Boozman for bringing H.R. 2910 forward today and look forward to working with the Subcommittee on the legislation in the future.

### AMENDMENT TO H.R. 2910 **OFFERED BY MRS. DAVIS OF CALIFORNIA**

#### Applicability

Page 7, line 15, insert before the period the following: "that participates in a loan program under Title IV of such Act (20 D.S.C. 1070 et seq.)".

#### Prepared Statement of Colonel Robert F. Norton, USA (Ret.), Deputy Director, Government Relations, Military Officers Association of America

Madam Chairwoman and Distinguished Members of the Subcommittee, on behalf of the nearly 368,000 members of the Military Officers Association of America (MOAA), I am honored to have this opportunity to present the Association's views on Montgomery GI Bill (MGIB) legislation before the Subcommittee.

MOAA is an original founding member of the Partnership for Veterans' Education, a consortium of military, veterans, and higher education groups who advo-cate for passage of a "total force" approach to the Montgomery GI Bill to meet the needs of our operating forces—active duty, National Guard and Reserve—and veterans in the 21st Century.

MOAA does not receive any grants or contracts from the Federal Government.

# **Executive Summary**

MOAA appreciates the commitment of this Subcommittee to improving edu-cational benefits under the Montgomery GI Bill (MGIB) for our Nation's returning warriors. The pending National Defense Authorization Act (NDAA) for FY 2008 (H.R. 1585) includes significant MGIB upgrades for National Guard and Reserve service women and men called to serve the Nation on active duty in contingency operations. MOAA hopes that these positive steps will presage more comprehensive upgrades to the MGIB this year.

An addendum to this Statement presents MOAA's "top 5" MGIB priorities for 2008.

MOAA's position on the seven bills under consideration at this hearing follows:

H.R. 1102 (Rep. Vic Snyder, D-AR). MOAA strongly endorses a "total force" approach to the MGIB. Active duty and reserve MGIB programs should be combined in Title 38 U.S.C. so that one Committee of jurisdiction can set benefit rates in pro-portion to the length and type of duty performed by all members of our armed forces. MOAA endorses Chairman Filner's H.R. 4889 as an important step toward putting the MGIB under one Committee of jurisdiction. H.R. 4889 would recodify the reserve active duty MGIB program in Chapter 1607, 10 U.S.C. into Title 38.

H.R. 1211 (Rep. Jim Matheson, D-UT). MOAA strongly endorses the principle of aggregation of MGIB entitlement for multiple active duty tours by operational re-servists. The pending FY 2008 NDAA (H.R. 1585) establishes the principle of cumulative MGIB entitlement for reservists for multiple call-ups. However, the NDAA would only authorize 80% of the active duty MGIB for 36 months aggregate active duty service. Thirty-six months of such service should yield full MGIB benefits at the three-year rate, currently \$1,101 per month for full-time study. MOAA strongly recommends changing the rate formula for Chapter 1607 benefits from a percentage formula to "month-for-month entitlement" for each 90 days or more of active duty service.

H.R. 1214 (Rep. Jim Ramstad, R-MN). MOAA supports the generous increases in survivor and dependents educational assistance program benefits (Chapter 35) but we are concerned that veterans themselves would receive disproportionately less benefits under current law.

H.R. 2247 (Rep. Rick Larsen, D-WA). MOAA supports extending the 10-year readjustment period for post-service use of MGIB benefits or eliminating any time limit on such use. MOAA supports repealing the 14-year limit on use of basic reserve MGIB benefits, but only for *in-service* usage, consistent with the principle of scaling benefits according to the length and type of duty being performed

H.R. 2385 (Rep. Patrick Murphy, D-PA). MOAA endorses a number of the up-grades in this bill but we recommend the Subcommittee endorse the position long espoused by the 49-member Partnership for Veterans' Education, namely that MGIB rates should be set at the national average cost of a four-year public college or university education. MOAA is opposed to the bill provision that would limit eligibility to all volunteer force members who happen to have 'deployed overseas.'

H.R. 2702 (Rep. Bobby Scott, D-VA). MOAA endorses a number of the upgrades in this bill but we recommend that MGIB rates be set at the national average cost of a four-year public college or university education.

H.R. 2910 (Rep. Susan Davis, D-CA). MOAA strongly endorses establishment of statutory protections for returning student-reservists under the Servicemembers Civil Relief Act.

#### H.R. 1102. Total Force Educational Assistance and Integration Act of 2007

H.R. 1102 would establish an integrated approach to structuring MGIB benefits for active duty, National Guard and Reserve service men and women. Essentially, H.R. 1102 would:

- Recodify Chapters 1606 and 1607 of Title 10 U.S.C. (armed forces laws) in Title 38.
- Establish a 10-year readjustment period for MGIB benefits earned by Guard and Reserve veterans who serve on active duty under contingency operation orders (pending in the NDAA for FY 2008-H.R. 1585).
- Change the formula for calculation of benefit amounts under Chapter 1607 from a percentage to month-for-month entitlement based on the active duty MGIB rate (Chapter 30, 38 U.S.C.) for each 90 days consecutive active duty period served.
- · Make other improvements, administrative corrections and conforming amendments.

MOAA strongly supports the underlying principle in H.R. 1102 that MGIB programs should be re-aligned with the realities of military service in the 21st century. H.R. 1102 would restructure the MGIB under a "total force" approach to the MGIB. MOAA and the Partnership for Veterans Education have long endorsed a streamlined architecture for the MGIB that would simplify and clarify benefit rates and enable better support for military recruitment and readjustment outcomes, as intended by Congress. The total force MGIB would create three benefit levels or tiers based on the type and length of duty performed.

- Tier one, the Active Duty MGIB (Chapter 30, Title 38). Individuals who enter the active armed forces under two-year or longer enlistment contracts earn MGIB entitlement, unless they decline enrollment.
- Tier two, the Selected Reserve MGIB (presently, Chapter 1606, Title 10)-MGIB benefits for a 6-year enlistment or reenlistment in the Guard or Reserve. Chapter 1606 would be recodified under Title 38. The Subcommittee of Eco-nomic Opportunity, House Committee on Veterans' Affairs, would adjust benefit rates from time to time in proportion to active duty rates. Historically, Selected Reserve benefits have been 47-48% of active duty benefits (vs. today's 29%).
- Tier three, Reserve Educational Assistance Program (presently, Chapter 1607, Title 10),—MGIB benefits for members of the Guard/Reserve who serve on ac-

tive duty under "contingency operation" orders. Chapter 1607 would be recodified in Title 38. The rate structure would be adjusted to "tier one" benefits (currently, \$1,101 per month) for each month of activation after 90 days active duty, up to a maximum of 36 months for multiple call-ups.

A servicemember would have up to 10 years to use remaining entitlement under Tier One or Tier Three programs upon separation or retirement. A Selected Reservist could use Chapter 1606 entitlement only while continuing to serve satisfactorily in the Selected Reserve. However, Reservists who subsequently qualified for a reserve retirement or were separated/retired for disability would have 10 years following separation to use such benefits.

In accordance with current law, in cases of multiple benefit eligibility, only one benefit could be used at one time, and total usage eligibility would extend to no more than 48 months.

**Technical Issues.** H.R. 1102 contains a number of technical errors. For example, H.R. 1102 would inappropriately transfer reserve MGIB "kicker" funding authority to the Veterans Affairs Committees—kickers are enhancements to MGIB benefits for enlistment in designated skills. This and other technical 'glitches' are resolved in section 525 of the House-passed version of H.R. 1585. Importantly, section 525 would authorize the recodification of Chapters 1606 and 1607 into Title 38 on a costneutral basis.

MOAA strongly supports recodification of reserve MGIB programs in Title 38. As a first step toward this outcome, MOAA endorses H.R. 4889, a bill that would recodify Chapter 1607 in Title 38. MOAA also strongly endorses changing the Chapter 1607 rate mechanism to month-for-month entitlement of Chapter 30 benefits for multiple tours of active duty of 90 days or more up to a maximum of 36 months entitlement.

#### H.R. 1211, Resuming Education After Defense Service Act of 2007

H.R. 1211 would authorize reservists who serve on active duty in contingency operations to accrue multiple tours of active duty up to 24 months toward basic MGIB entitlement at the two-year rate under Chapter 30.

H.R. 1211 would entitle such individuals to one month of educational assistance for each month served on active duty. The bill would make the amount of such assistance equivalent to that provided for active-duty personnel who have served a minimum of two years of active duty. Entitlement would require the basic pay of qualifying members to be reduced by \$100 for each of the first 12 months of such active duty service.

In keeping with today's "operational reserve" policies, MOAA would recommend the following adjustments to the provisions of H.R. 1211. First, strike the December 31, 2008 sunset clause.

Second, allow MGIB benefit aggregation up to three years (36 months active duty service) vice two years. Secretary of Defense Robert Gates announced a modification of "operational reserve" policy on January 19, 2007. The new policy requires reservists to be activated on the basis of "one year mobilized to five years demobilized ratio." The Secretary added that "today's global demands will require a number of units to be remobilized sooner than this standard."

In light of this policy change, **MOAA recommends that MGIB aggregation** should be permitted up to the point when a reservist has served 36 months of active duty service over multiple call-ups. Doing so would qualify the reserve veteran with the MGIB at the full three-year rate. Since 9/11, over 600,000 reservists have served on active duty including more than 142,000 who have multiple tours. In many cases, operational reservists will serve three or more years on active duty over a 20-year career. Their active duty service should aggregate toward full MGIB entitlement when they have 36 months of cumulative service.

#### H.R. 1214, Veterans' Survivors Education Enhancement Act

H.R. 1214 would increase survivors' and dependents' educational benefits (DEA) under Chapter 35, 38 U.S. Code to \$80,000 and permit dependent children to draw from this amount for during any time between the ages of 17 and 30.

from this amount for during any time between the ages of 17 and 30. The bill also would permit lump-sum payments "in any amount" up to the new limit for institutional coursework or training, on-the-job training, correspondence courses, special educational assistance and farm cooperative programs. The bill, then, appears to eliminate DEA monthly rates for allocating educational benefits under Chapter 35. Presently, DEA participants can receive 45 months of benefits at up to \$881 per month, a total of \$39,645 for full-time study or training.

MOAA supports the intent of H.R. 1214. We are also grateful for earlier Congressional action (2004) that raised DEA rates and authorized survivors to access remaining DEA benefits for up to 20 years after the death of the sponsor.

MOAA is concerned, however, over the concept of creating benefits under DEA that are substantially more generous than those authorized for veterans themselves. H.R. 1214 would authorize up to \$80,000 in lump-sum payments for coursework or training compared to \$39,636 in Chapter 30. Veterans have only 10 years after service to use their benefits. Survivors have 20 years to access their DEA benefits. Under the bill, dependent children would have 13 years to use their benefits between the ages of 17 and 30 under the bill.

MOAA supports the intent of H.R. 1214 and recommends that basic MGIB benefits be upgraded proportionally, including authorization of lump sum payments and extension of the readjustment period.

### H.R. 2385, the 21st Century GI Bill of Rights Act of 2007

H.R. 2385 would entitle certain servicemembers, including National Guard and Reserves, to basic educational assistance under the MGIB who (after September 11, 2001) are deployed overseas; or serve for an aggregate of at least two years or, before such period, are discharged due to a service-connected disability, hardship, or certain medical conditions. The bill would entitle such individuals to 36 months of educational assistance; authorize a ten-year readjustment period to use the benefits after discharge; and for other purposes

H.R. 2385 has features that are similar in some respects to H.R. 2702 (see fol-lowing section). However, H.R. 2385 would set educational payment rates at the "national average amount of tuition regularly charged for full-time pursuit of programs of education at public and private institutions [emphasis added] of higher education" (Section 3313(h)(2)).

H.R. 2385 would create a parallel or alternative educational assistance program to the MGIB-rather than upgrade or improve benefits under the latter.

In addition to the issue of the "deployed" criterion, the bill would essentially re-place the MGIB for post-9/11 service until the current national emergency/war on terror is "won" or concluded in some way. The duration of earlier conflicts such as the Korean War, Vietnam War and Gulf War I indicate that the program proposed under H.R. 2385 might coexist alongside the MGIB for years and cause confusion for recruiting purposes and the effective administration of the MGIB.

MOAA does not support the provision in H.R. 2385 that restricts benefit en-titlement to All Volunteer Force service men and women who happen to have "deployed overseas" (Subchapter II, section 3311) since 9/11. Since World War II, deployment status has never been a criterion for GI Bill entitlement. MOAA believes that H.R. 2385 illustrates the need to develop a coherent "total force" approach to structuring the MGIB for all members of the volun-teor force when a come the matice is never and war

teer force who serve the nation in peace and war.

#### H.R. 2702, the Post-9/11 Veterans Educational Assistance Act of 2007

H.R. 2702 would establish "wartime" service GI Bill benefits that would permit service men and women who serve or have served since 9/11 and who meet the requisite active duty service requirements to be reimbursed for a substantial amount of their schooling or education

Reimbursement rates would be calculated on "the maximum amount of tuition regularly charged in-state students for full-time pursuit of programs of education by the public institution of higher education in the State in which the individual is pursuing such program of education that has the highest rate of regularly charged tuition for programs of education among all public institutions of higher education in such State" (Section 3313(j)(2)). Under the bill, rates would vary considerably for veterans based on a state-by-state calculation of the highest in-state tuition costs. Veterans would likely re-locate to states where the reimbursement rates were more generous.

Veterans would receive a \$1,000 per month stipend for 36 months. Veterans would have up to 15 years after their service to exhaust entitlement. National Guard and Reserve "wartime" veterans with qualifying active duty serv-

ice would be entitled to the benefits described in the bill if they completed 24 months of consecutive active duty service.

In MOAA's view, H.R. 2702 has some very attractive features including raising GI Bill benefit rates, eliminating the \$1,200 payroll reduction, extending the post-service usage period (to 15 years), and establishing a readjustment benefit for mobilized reservists.

MOAA has a few concerns over certain provisions in H.R. 2702 that are similar to our concerns over H.R. 2385 (above). **MOAA does not support restricting the benefits proposed in the bill for "wartime" service as indicated.** Only in the case of service-connected disabilities should educational benefits be differentiated for our volunteer force men and women, not the period of their service or their deployment status.

The bill also creates the dilemma of a new GI Bill operating alongside the current MGIB—see similar comment regarding H.R. 2385 above. In addition, the payment metric proposed is likely to cause lots of confusion since reimbursements could vary widely from state to state. The Veterans Benefits Administration would have to constantly re-calculate reimbursement rates for veterans.

Another shortcoming in H.R. 2702 is the absence of MGIB "kicker" authority for the military services-section 3015(d), 38 U.S.C. DoD has long used financial incentives-"kickers"-as tools to distribute military manpower into high demand skills needed for readiness. Kickers have proven very effective in combination with the MGIB to support armed forces recruiting goals.

Early in this decade, former Committee Chairman Chris Smith (R-NJ) oversaw efforts to upgrade the MGIB over a three-year period. If a similar approach were adopted by the Subcommittee for H.R. 2702, MOAA would recommend in priority order:

- 1. Base MGIB rate increases on the national average cost of a four-year public college/university education. Dept. of Education data indicate the MGIB currently covers about 75% of the cost of attendance including in-state tuition, required fees, and resident student room and board.
- Authorize cumulative month-for-month entitlement up to 36 months under the MGIB (Chapter 30, 38 U.S.C.) for reservists who serve on multiple active duty tours in contingency operations. (See discussion, above, on H.R. 1211).
- 3. Extend the post-service readjustment period to 15 years or more, or eliminate the time limit. (See H.R. 2247, below).
- Eliminate the \$1,200 payroll reduction for active duty service entrants. Establish a monthly living expense stipend over and above educational reim-5. bursement rates.

#### H.R. 2247, Montgomery GI Bill for Life Act of 2007

H.R. 2247 would repeal the 10-year delimiting date on post-service use of MGIB benefits (Chapter 30 entitlement). The bill also would repeal the 14-year limitation on basic reserve benefits (Chapter 1606) for inactive duty (drill) service. H.R. 2247 creates lifetime entitlement to remaining Chapter 1607 benefits for reservists who have such entitlement and become disabled.

MOAA supports extending the 10-year limitation on post-service use of remaining MGIB entitlement, or eliminating any such time limit. We note that survivors have 20 years to use Survivors and Dependents Educational Assistance benefits (Chapter 35). (H.R. 2702, above, would extend the delimiting date to 15 years)

MOAA strongly supports lifetime entitlement for all disabled service men and women (not only reservists disabled after being activated); accordingly, we recommend coordination of this change with the provisions of the Vocational Rehabilitation Program under Chapter 31, 38 U.S.C.

MOAA supports repeal of the 14-year in-service-only limitation on basic re-serve benefits (Chapter 1606) for inactive duty service only. We do not support establishment of a lifetime, post-service benefit for inactive duty service benefits, consistent with the total force MGIB principle of scaling benefits to the length and type of duty performed.

#### H.R. 2910, Veterans Education Tuition Support Act of 2007

H.R. 2910 would establish in law specific requirements that would protect reservists returning to an academic setting following a call-up to active duty. The bill would amend the Servicemembers' Civil Relief Act (SCRA) in essentially four ways by:

- Authorizing refunds for students activated during a semester or quarter of study
- Guaranteeing re-enrollment upon return
- Extending the time a student has to re-enroll or to begin student loan repayments

- Capping student loans at 6% during an activation (like other debt protections under the SCRA)

MOAA has long endorsed statutory protections to ensure the academic re-integration of returning student-reservists. In our view, policies alone do not afford sufficient protections for reservists returning to school following active duty service. Student "reemployment" rights—hassle free return to academic pursuits—are long overdue.

The Higher Education Relief Opportunities for Students Act of 2003 (HEROS) fails to provide servicemembers meaningful security. Colleges and universities are not *required* to refund tuition and fees to students who don't complete their classes due to a deployment. Schools are also not required to minimize the procedural hoops a servicemember must jump through to re-enroll. A reservist who takes a leave of absence for a year to serve the nation on active duty often must re-apply to the very school from which she took leave.

With respect to the refund provisions of H.R. 2910, the Subcommittee should consider as an option requiring an academic institution to apply any refund amount in the case of a withdrawal during a semester (or other defined academic course period) to other coursework upon a reservist's re-enrollment.

riod) to other coursework upon a reservist's re-enrollment. If the nation expects to sustain an "operational reserve" policy, Congress must enact stronger protections for our young student-reservists when they return to the academic setting following a call-up.

# MOAA recommends the Subcommittee favorably report out H.R. 2910 to establish academic re-instatement and financial protections under the Servicemembers Civil Relief Act.

# Conclusion

MOAA appreciates the growing interest in Montgomery GI Bill reform and we look forward to working with the Members of the Subcommittee to ensure that our 21st century warriors, including operational reservists from the National Guard and Reserve, receive the benefits that match their service and sacrifice on behalf of our nation.

Addendum: "Top Five" Priorities for the MGIB in 2008 (below)

#### MOAA's "Top Five" Legislative Priorities for the Montgomery GI Bill in 2008

- 1. Raise MGIB rates. Prior to September 11, 2001, the House Veterans Affairs Committee endorsed a three-step increase to basic MGIB rates and the establishment of an annual COLA to adjust such rates. Subsequent enactment of this change in 2001 has enabled the MGIB today to cover about 75% of the average cost of a four-year public college/university education based on Dept. of Education data. Various legislative proposals have been introduced to raise MGIB reimbursement to cover more, or even all of the cost of veterans' education or training programs. The present full-time study rate for veterans with three years of service is \$1,101 (Chapter 30, 38 U.S. Code). Raising the rate will encourage more veterans to use their benefits and, in turn, give them the education/skills to be more productive citizens, thereby returning to the economy more than the cost of their earned benefits. MOAA strongly supports raising MGIB reimbursement rates to at least the average cost of a fouryear public college or university education.
- 2. Authorize cumulative month-for-month MGIB entitlement under Chap. 30 for reservists who serve multiple active duty periods of service (up to 36 months active duty). The FY 2008 National Defense Authorization Act establishes in law a principle of "cumulative" entitlement to Chapter 1607 MGIB benefits for multiple periods of active duty performed by members of the National Guard and Reserve forces. Under the change, reservists who serve an aggregate of up to 36 months active duty in a contingency operation will earn 80% of the active duty MGIB. It's our understanding that reservists who serve 24 months consecutively also will continue to receive 80% of the active duty MGIB (the same rate available to active duty soldiers with a two-year enlistment). MOAA appreciates the creation of a cumulative principle, but we disagree strongly with the percentage formula as adopted by the NDAA. Reservists who accrue up to 36 months active duty over multiple call-ups should be entitled to the full MGIB under Chapter 30. A reserve warrior with eight years' service can expect to serve multiple activations under "operational reserve" rules and likely be deployed for all of them. Under such circumstances, reservists who accrue 36 months of cumulative service should be entitled to the same

MGIB as an active duty soldier with a three-year enlistment contract who is deployed once (or never deployed). MOAA strongly recommends adoption of a cumulative month-for-month formula for entitlement to the active duty MGIB for operational reservists who serve at least 90 days on any one tour, up to a maximum of 36 months.

- 3. Restore proportional parity between basic reserve MGIB (Chapter 1606, 10 U.S. Code) rates and the active duty program. The basic reserve MGIB rate was set at 47% of the active duty program in 1984 and retained that ratio for 15 years from 1985–1999. Subsequent increases in active duty program benefit levels, combined with static reserve benefit levels, have reduced reserve MGIB rates to less than 29% of the active duty program's, at a time when Guard and Reserve recruiting is under enormous strain. If proportional parity were restored in one year, basic reserve rates for full-time study would increase from \$317 to \$517 per month for full-time study. Stair-step increases would lower the cost over a three to five year period. MOAA strongly endorses restoring proportional parity between the basic reserve MGIB and the active duty program.
- 4. Integrate reserve and active duty MGIB programs in Title 38. Given past DoD opposition to most reserve MGIB program improvements, it is unlikely that items 2 and 3, above—month-for-month entitlement and rate hikes for Chapter 1606 benefits—will be possible without recodification. In passing the NDAA, the defense conferees modeled most of the reserve program improvements—as noted in the accompanying cover letter—on the existing Chapter 30 framework. MOAA greatly appreciates House passage of recodification of the reserve programs in Title 38, but we were disappointed that the NDAA conferees failed to adopt the House language. Now that Congress has endorsed a readjustment benefit for operational reservists, there is no longer a compel-ling reason in our view to leave the Chapter 1607 program in Title 10. Under Chapter 30, DoD and VA responsibilities are clear: DoD sets eligibility rules for enlistment, funds "kickers" for enlistment in critical skills, conducts actuarial valuations of the normal cost of the MGIB (Section 2006, 10 U.S.C.), and reports the number of eligibles to the VA. For the reserve programs, DoD does essentially the same thing: determines eligibility, funds "kickers", determines the "normal cost", and reports participants. The VA administers all MGIB pro-grams and payments now, and that would not change under recodification. Under the House-passed language, DoD and VA responsibilities would remain addressible determines differences and the theory of the constitution of the set as described above. The difference would be that one Committee would be responsible for overseeing the administration of the active duty and reserve programs—a total force approach to the MGIB. Because of the proportional benefit gap and the dramatic surge in duty requirements of our Guard/Reserve members, the total GI Bill program is no longer structured to match the nation's military policy for the operational integration of our active and reserve forces. MOAA continues to strongly endorse recodification of the reserve MGIB programs into Title 38.
- 5. Open enrollment in the MGIB for all currently serving members who declined enrollment, and for all new service entrants in the future. The MGIB should be an entitlement that accompanies an enlistment, service agreement or appointment for all members of the volunteer force. With the operational integration of the total force, the \$1,200 payroll reduction has become a nuisance and a morale "downer" for new recruits, and is inconsistent with the dramatically increased sacrifices borne by our service men and women. Moreover, as reserve and active duty programs are gradually aligned according to the length and types of duty performed, the \$1,200 enrollment tax serves as a barrier to true implementation of a total force approach to the MGIB. Twenty-first century warriors should be guaranteed enrollment in the MGIB upon entry into the service with no payroll reduction. Officers commissioned from a Service Academy or ROTC Scholarship program should be offered the MGIB in exchange for a service extension commitment. Government student loans require no service to the nation and no up front payment, which makes the \$1,200 MGIB fee seem mean-spirited at best. MOAA strongly endorses guaranteed enrollment in the MGIB for all members of the volunteer force and the elimination of the \$1,200 enrollment "tax".

#### Prepared Statement of Patrick Campbell, Legislative Director, Iraq and Afghanistan Veterans of America

Madam Chairwoman and Members of the House Veterans' Affairs Committee, Subcommittee on Economic Opportunity on behalf of Iraq and Afghanistan Veterans of America (IAVA), thank you for the opportunity to testify at this legislative hearing on educational assistance bills. We are also grateful that **H.R. 2910**, the Veterans Education Tuition Support Act (VETS) and the by product of my graduate thesis, will be discussed today.

#### I. World War II Education Benefits for a Post 9/11 Generation

After World War II, nearly eight million servicemembers (more than half of the entire American fighting force) took advantage of the education benefits afforded them by the **Servicemen's Readjustment Act 1944.** A veteran of WWII was entitled to free tuition, books and a living stipend that completely covered the cost of education. Since 1945 over 21,400,000 servicemembers have utilized at least some of their educational benefits. Over the past 10 years, at least 66% of active duty servicemembers and 42% of Reservists and National Guard have gone to school on the "GI Bill."

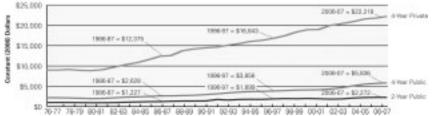
Today we are still reaping the benefits of one of the greatest social investment programs ever implemented. A 1988 Congressional study proved that every dollar spent on educational benefits under the original GI Bill added seven dollars to the national economy in terms of productivity, consumer spending and tax revenue. Today we have the opportunity to renew our social contract with our servicemen and women. *Iraq and Afghanistan Veterans of America* (IAVA) supports reinstating a World War II style GI Bill that will cover the true cost of education. We endorse **H.R. 2702**.

The current Chapter 30 Montgomery GI Bill, created in 1984, contains several obstacles that hinder veterans' use of their well-earned benefits. First, active duty educational benefits require a hefty \$1,200 initial buy-in. Although nearly 95% of active duty servicemembers buy into the program, only 8% of servicemembers use all of their educational benefits and more than 30% never touch their GI benefits. These veterans return over \$230 million to the U.S. Treasury through their nonrefundable contributions.

Second, servicemembers are required to pay tuition, room & board and textbook costs up front and are then reimbursed over the course of the semester. Before servicemembers can attend a single class they must pay tuition and fees amounting, on average, to \$5,836 for a public school and \$22,218 for private schools. Servicemembers are faced with the daunting task of paying for school by taking on multiple jobs to raise the money, attending a less expensive or prestigious institution, taking out student loans and/or "living on mama's couch" to cut expenses. H.R. 2702 would overcome this obstacle by paying tuition costs in a lump sum at the beginning of the academic term.

Lastly, education benefits have failed to keep up with the skyrocketing cost of higher education. Education benefits are increased yearly based on inflation rates. As evident from the chart below, the cost of education has outpaced inflation by over 100% since 1984. The bifurcated benefits in H.R. 2702 that would make up front tuition payments to schools and provide a living stipend to veterans would prevent future generations from suffering from diminished benefits. Although the living stipend will continue to be increased based on inflation rates, the tuition benefits would be pegged directly to the education rates in each state and therefore would keep pace with the relative cost of education.

Figure 3: Average Published Tuition and Fee Charges, in Constant (2006) Dollars, 1976-77 to 2006-07 (Enrollment-Weighted)



(Chart from the College Board's "2006 Trends in College Pricing.")

In 2006, Chapter 30 benefits only covered 75% of the cost of a public school education and 32% of a private school education. IAVA believes that a World War II style GI Bill is more than just a social invest-

IAVA believes that a World War II style GI Bill is more than just a social investment; it's an important readiness tool. The military needs to recruit an additional 70,000 active duty servicemembers over the next two years. Improving education benefits for veterans is an important strategy for accomplishing this goal. The alternative is to continue to lower recruitment standards and increase enlistment and retention bonuses. We have already seen the military double the number of GED waivers and increase the number of felonies allowable by a new recruit. Enlistment and retention bonuses have already climbed to \$20,000 and could grow even higher. The GI Bill is the military's single most effective recruitment tool; the number one

The GI Bill is the military's single most effective recruitment tool; the number one reason civilians join the military is to get money for college. As our military recovers and resets in the coming years, an expanded GI Bill will play a crucial role in ensuring that our military remains the strongest and most advanced in the world.



(Poster outside the DC Armory on July 12, 2007)

The original WWII GI bill was called the "Servicemen's **Readjustment** Act" for good reason. Returning WWII and Korean veterans were given the chance to readjust to civilian life by making college a full time job. Giving veterans the opportunity to truly take advantage of their education benefits will help build this country's next "greatest generation."

For all of these reasons, *Iraq and Afghanistan Veterans of America* (IAVA) believes that both **H.R. 2702, the "Post-9/11 Veterans Educational Assistance Act of 2007"** (Scott) is the best option to provide our servicemembers every opportunity to succeed in higher education.

# II. Calculation of REAP benefits based on Cumulative not Continuous service

Benefits for Reserve/National Guard servicemembers should be based on the cumulative length of their active duty deployments and not on their single longest deployment. This fix would eliminate a glaring inequity faced by reservists serving multiple deployments. Currently, Marine Reservists serving more frequent but shorter tours rarely qualify for the higher level of REAP benefits. The average Marine reservist has been deployed multiple times on 9 month tours of duty. Despite having served at least 18 months of active duty, they will receive \$220/month less in education benefits then an Army National Guardsman who served the same amount of active duty in a single tour.

IAVA endorses the provisions of H.R. 1102, the Total Force GI Bill, which would provide benefits for reservists serving multiple tours and allow reservists who have served overseas to use their earned education benefits after they separate from the military. We applaud the work of this Committee to include the portability provision of H.R. 1102 in the National Defense Authorization Act.

In consideration of any GI bill legislation, we urge the Committee to consider an alternative method for addressing the issue of multiple deployments. There are two practical fixes to the benefit accrual issue facing Guard and Reservists:

- 1) Month for Month Accrual: As proposed in H.R. 1102, a Reservist who has been called to active duty would receive a month of active duty education benefits for every month of active duty served (\$1,100/month). Once a reservist exhausted their active duty education benefits they would then only be entitled to the lowest level of education benefits, Chapter 1606 (\$330/month) or, if they separated from the military, they would not be entitled to any education benefits.
- 2) **Step Accrual:** By simply modifying the current Chapter 1607 REAP program to be based on "cumulative" service, a Reservist would receive higher monthly benefits for additional active duty service. Benefits levels would either remain constant or increase as the reservist does more active duty service. This idea is currently proposed in H.R. 4148, National Guard and Reserve Active Duty Higher Education Act.

Although the month for month proposal seems simpler, it suffers from two fundamental flaws. First, once reservists use up their accrued active duty level education benefits, they experience a precipitous drop in benefits. This drastic decline in benefits means a veteran receiving Chapter 30 level benefits (\$1,100/month) one month will then start to receive Chapter 1606 level benefits (\$330/month) the next month. Second, under current law and under the new provisions proposed by the National Defense Authorization Act, Chapter 1606 benefits are not portable, Therefore, a reservist who separates from the military and has used up the active duty level education benefits will have no more education benefits to draw from.

IAVA strongly endorses modifying the current Chapter 1607 structure of benefits to be based on cumulative service and by adding intermediary qualification steps that increase the level education benefits for every six months of active duty service.

REAP—Chap 1607	Benefit
2 years continuous AD or 3 years Cumulative AD =	80% AD
(\$880/month)	\$7,920/yr.
1 year continuous AD =	60% AD
(\$660/month)	\$5,940/yr.
90 days continuous AD =	40% AD
(\$440/month)	\$3,960/yr.

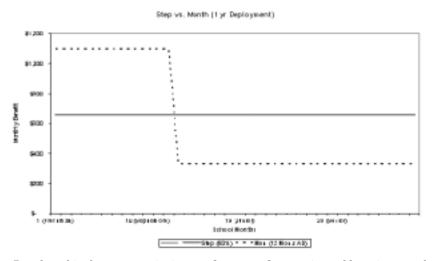
**Current REAP Program (Step)** 

### **Proposed Changes (Step\*)**

Revised Chap 1607	Benefit
3 yrs. cumulative AD	<b>100% AD</b>
(\$1,100/month)	\$9,900/yr.
2.5 yrs. cumulative AD	<b>90% AD</b>
(\$990/month)	\$8,910/yr.
2 yrs. cumulative AD	<b>80% AD</b>
(\$880/month)	\$7,920/yr.
1.5 yrs. cumulative AD	<b>70% AD</b>
(\$770/month)	\$6,930/yr.
1 yrs. cumulative AD	<b>60% AD</b>
(\$660/month)	\$5,940/yr
6 months cumulative AD	<b>50% AD</b>
(\$550/month)	\$4,950/yr.
90 days cumulative AD	<b>40% AD</b>
(\$440/month)	\$3,960/yr.

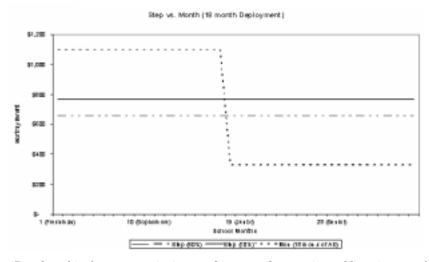
I have put together some charts to help illustrate this issue. The first chart shows the benefits a National Guard soldier would receive from a one year deployment. The second shows the benefits for a Marine serving two deployments or a reservist serving an 18 month deployment.

**Army Reserve/National Guard Deployment** 



Based on this chart a reservist in **month to month** scenario would receive a total of \$21,120 over 36 months (12 months at \$1,100/month and 24 months at \$330/month). In a **step** scenario they would receive \$23,760 (\$660/month for 36 months).

Two Marine Deployments or an Early Army Reserve/National Guard



Based on this chart a reservist in **month to month** scenario would receive a total of \$24,970 over 36 months (18 months at \$1,100/month and 18 months at \$330/month). In a our proposed **step** scenario they would receive \$27,720 (\$770/month for 36 months)

### **III. USERRA Type Protections for Deploying Students**

Finally, **H.R. 2910, the Veterans Education Tuition Support (VETS) Act,** (Davis, S.) will provide meaningful protections for deploying students. In 2007, nearly 100,000 Reservists and National Guard soldiers were enrolled in college (an in-

	Total Reservists	Chap. 1607*	Chap. 1606*	
2005	81,209	—	81,209	*1607: Deployed at least once.
2006	88,892	23,747	65,145	*1606: Never deployed.
2007	96,685	39,642	57,043	

crease of 36% since 2005). Forty percent of these soldiers have been deployed at least once. Unfortunately, these student-soldiers face unique hardships when they are called to active duty service.

Without Federal protections these servicemembers face a patchwork of refund and reenrollment procedures which are both confusing and inconsistent. Trying to navigate the bureaucratic potholes while attempting to re-enroll in school after a deploy-ment can be an infuriating process. When I first returned home from Iraq I received harassing calls from my student loan lender, my roommate from Iraq was denied reenrollment at his college and my coworker, who was deployed weeks before his finals, was given essentially no accommodations by his school. Those who fight for our rights abroad should not be forced to fight for their rights when they return home.

The VETS bill will:

- Require colleges to refund tuition for servicemembers who deploy (or provide future credits).
- Restore veterans to their academic status when they return.
- Cap student loan interest payments at 6% while the student is deployed.

I am proud to report that §707(b) of H.R. 2910, which extended the period of time a student-soldier has to re-enroll after returning from abroad has already been en-acted into law (§204 of Public Law 110–84, the College Cost Reduction and Access Act)

If passed, H.R. 2910 will become the student-soldier's equivalent to USERRA (the Uniformed Services Employment and Reemployment Rights Act). IAVA strongly encourages this Committee to consider and pass H.R. 2910 for all the Reservists and National Guard soldiers in each of your home districts.

Improving the GI Bill will benefit veterans and the country as a whole. By allowing veterans to take advantage of the best educational opportunities available, we can fulfill our promise to our servicemembers and create an opportunity for them to become tomorrow's leaders.

#### Prepared Statement of Eric A. Hilleman, Deputy Director, National Legislative Service, Veterans of Foreign Wars of the United States

Madam Chairwoman and Members of this Committee:

On behalf of the 2.4 million members of the Veterans of Foreign Wars of the United States and our Auxiliaries, I would like to commend this Committee for its diligence, dedication, and bipartisanship exhibited in updating the Montgomery GI Bill (MGIB). We applaud this Committee for its efforts and Congress for including post-service usage of the MGIB for servicemembers eligible under Chapter 1607 benefits into the 2008 National Defense Authorization Act. With this accomplishment, we strongly urge this Committee to continue updating the MGIB. The following are the VFW's top five recommendations for achieving a GI Bill that

meets the needs of the 21st Century:

- Increase the MGIB rates to cover the full cost of education: tuition, room, board, fees, and a cost-of-living stipend.
- · Eliminate the current qualifying impediment for Guard and Reserve members, which reward the longest continuous tour of active duty. Our troops deserve a benefit that aggregates on a monthly basis and pays a percentage of the active duty benefit with an equitable benefit.
- · Repeal the \$1,200 MGIB buy-in charged to active duty troops during the first year of their enlistment.
- Allow all servicemembers to utilize earned benefits throughout the duration of their lives, removing the 10-year delimiting date.
- Remove all laws and rules limiting veterans from accessing college financal aid due to military service income and/or GI Bill benefits.

These recommendations reflect the needs of veterans and the original spirit of the GI Bill. In 1944, President Franklin Roosevelt signed into law the *Serviceman's Readjustment Act*, known as the GI Bill of Rights. This bill helped millions of Americans realize the American dream. Nearly 12 percent of Americans served in uniform between 1945 and 1956 and more than 8 million returning veterans received debtfree college educations, low-interest home mortgages and small-business loan assistance. In 1947, half of the nation's college students were veterans. For many, they were the first in their families to further their education beyond high school. Today the WWII GI Bill is credited with creating the middle class.

Subsequent wartime GI Bills were not nearly as robust as the WWII bill. The Vietnam-era GI Bill was a scaled down version from the WWII style bill. Nearly 6.8 million veterans out of 10.3 million eligible veterans used their benefit. Education benefits during the Vietnam era aided veterans in their transition from active duty to civilian life, but the benefit fell short of the original.

So too, the current MGIB is not meeting the need of our veterans. The inflationary rate of higher education is much greater than the national inflationary rate. Over time, this disparity in inflation is causing the current GI Bill rate, which is pegged to the national inflationary rate, is causing the GI Bill to erode.

It is time for a new GI Bill! It is time to revitalize the American dream; invest in the overall health of our slowly depleting military force; expand the socioeconomic makeup of the military; and provide the ONE PERCENT of our population that dons the uniform a life-changing benefit.

The VFW has long advocated for the creation of a GI Bill for the 21st Century in the fashion of the original WWII bill. We envision a transition benefit that will be a lasting contract with our veterans. We want:

- A GI Bill that increases military recruitment efforts, broadening the socioeconomic makeup of the military, and strengthens our National security by attracting an increased number of young talented recruits—many of whom may not have considered military service.
- A powerful transition assistance program, allowing veterans to readjust to civilian life, improving their ability to care for themselves and their families, and becoming the leaders of tomorrow.
- A GI Bill that recognizes the unique sacrifices of the hundreds of thousands of Guard and Reserve members who have served in Iraq, Afghanistan, the Horn of Africa, during Katrina and other national/international emergencies; and is proportional to their Active Duty counterparts.

We are not a Nation at war; we are a Nation with a military at war. Many troops have been to Iraq and/or Afghanistan multiple times. Some Guard and Reserve units are serving their second or third tours in country. Now is the time to honor their service with a GI Bill for the 21st Century, providing them with opportunities to become future leaders of our Nation.

Pause for one moment and consider the quality of life that WWII GI Bill recipients passed on to their children and grandchildren. We as a Nation need to recognize the indirect benefits our families received thanks to the education, housing and small business investment benefits a grateful Nation gave to the Greatest Generation.

Many in Congress have recognized the importance of these issues and have introduced bills to improve this key program. We urge you to examine these bills with an eye toward enacting a robust GI Bill that realizes the promises of previous generations.

#### H.R. 1102, Total Force Educational Assistance Enhancement and Integration Act of 2007

We support this legislation, which eases the administration of education benefits, simplifying U.S. Code, and giving the Department of Veterans Affairs the responsibility of administering the benefit as they currently do with the Active Duty GI Bill. The VFW believes the GI Bill is primarily a transition tool allowing veterans and troops to seek an education and skills training. Placing the Guard and Reserve education programs, Chapter 1606 and 1607 of Title 10, into Title 38 (the section of the Code regulating the Department of Veterans Affairs [VA]) allows the Congress to better oversee this program and eliminates contradictions in the oversight process. Currently, the VA tracks veteran enrollment at institutions of higher learning, triggers the veteran's GI Bill discernment, and performs a great deal of the outreach to education veterans on the varying of education benefits.

# H.R. 1211, the Resuming Education After Defense Service Act of 2007

We support this legislation allowing Guard and Reserve members to apply their total aggregate months of deployment towards accruing GI Bill benefits. Currently, Guard and Reserve troops may only apply their longest continuous period of active duty service toward drawing the GI Bill benefit, most tours fall far short of the Active Duty GI Bill. This results in some troops serving two or three years in a combat zone while only receiving 40 or 60 percent their active duty counterparts. We strongly believe GI Bill benefits should reflect equitable benefits for service to our nation.

# H.R. 1214, the Veterans' Survivors Education Enhancement Act of 2007

This Act would increase the maximum amount of GI Bill benefits available for eligible veterans' survivors and dependents from the current \$788 a month, paid over 45 months equaling \$35,460, to approximately \$1,778 a month totaling \$80,000. It allows the benefit to be used for special restorative training, apprenticeships, onthe-job training, and tutoring assistance. And it allows survivors and dependents to draw the benefit until their 30th birthday, extending the usage age from 26th birthday.

We deeply respect the loss, challenge and pain survivors and dependents suffer. Benefits paid to widows/widowers and orphans grant a degree of security when faced with the sudden loss of a loved one. The VFW fully supports enhancement of educational assistance for survivors and dependents of veterans, but we also feel the benefit should move in tandem with the education benefit available to the Chapter 32, Title 38 active duty GI Bill. The current Chapter 32, Title 38 active duty GI Bill benefit total is approximately

The current Chapter 32, Title 38 active duty GI Bill benefit total is approximately \$37,000 and the survivors education benefit is approximately \$35,500; thus giving some relative parity in the two benefits. H.R. 1214 would award survivors twice the earned benefit available to active duty troops. We favor increasing this survivor's benefit, but only in tandem with the active duty benefit. The VFW believes this bill would create an unfortunate inequity.

#### H.R. 2247, the Montgomery GI Bill for Life Act of 2007

The Montgomery GI Bill (MGIB) has opened the door to higher education for millions of Americans. This bill seeks to eliminate time limits that often prevent service members from using a life-enhancing benefit when they need it the most. H.R. 2247 would eliminate the post-service 10-year time limit for the active duty MGIB and the in-service 14-year time limit for Guard and Reservists. Time limits prevent service members from seeking training and education later in life or at mid-career milestones. The VFW supports the life-long career approach to the benefit. If a service member has earned the benefit, why prevent them from using it?

Many service members seek education and retraining later or at mid-career. This helps them adapt to the ever-changing economy, transitioning from fields that may offer more job security. Also, many younger veterans and service members have family obligations that prevent them from seeking an education early in life. The VFW supports H.R. 2247 and the repeal of time limits on the GI Bill.

#### H.R. 2385, the 21st Century GI Bill of Rights Act of 2007

We support H.R. 2385, which would extend eligibility to Active Duty troops and National Guard and Reserve members who serve an aggregate of two years on active duty. This bill would pay tuition, books, fees, room and board over the course of four years of full-time education. It lifts the \$1,200 buy-in fee. This educational benefit would pay students a rate equivalent to the cost to attend school or training inclusive of tuition, housing, and other expenses.

#### H.R. 2702, the Post-9/11 Veterans Education Assistance Act of 2007

This legislation would enhance military strength while providing an educational benefit that equips a generation of veterans to face the challenges of tomorrow. The VFW has long advocated a GI Bill in the spirit of the original WW II bill, which would cover tuition at the highest State institution including housing, fees, books, and provide a cost-of-living stipend. This legislation would accomplish these goals and more. It recognizes the tens of thousands of guard and reserve members who have actively served an aggregate of 24 months defending our Nation. It lengthens the post-service usage period from 10 to 15 years from the date of discharge and establishes a post-service benefit for the Guard and Reserve. The VFW enthusiastically supports this bill.

# H.R. 2910, the Veterans Education Tuition Support Act of 2007

The VFW strongly supports this legislation honoring the service of thousands of Reservists and National Guard troops who withdraw from college, placing their lives on hold, to protect and serve our nation.

In 2006, nearly 90,000 Reservists and National Guard soldiers were enrolled in college; one fourth of which have been deployed at least once. These students face unique hardships when they are called to defend our nation. H.R. 2910 addresses some of those hardships by allowing veterans to resume their academic status upon their return, requiring colleges to refund tuition for service members who deploy, capping student loan interest payments at 6% while the student is deployed, and extending the period of time a student-soldier has to re-enroll after returning from active duty service.

Our National Guard and Reserve troops do not deserve to sacrifice doubly by serving our nation while enduring educational and financial penalties; they deserve every opportunity toward their future and their education.

Ms. Chairwoman, I again thank you for the opportunity to present the VFW's testimony. We very much appreciate what this subcommittee has done, and continues to do, to improve the GI Bill. I would be happy to answer any questions that you or the members of the Subcommittee may have.

### Prepared Statement of Ronald F. Chamrin, Assistant Director, Economic Commission, American Legion

Madam Chairwoman and Members of the Subcommittee:

The American Legion appreciates the opportunity to present our recommendations and observations of the current state of veterans' education-related programs, proposed legislation, and laws. Recent legislative activities in relation to the Fiscal Year 2008 National Defense Authorization Act (NDAA) that contain significant changes to the Montgomery GI Bill (MGIB) place this hearing at an opportune time. With the final disposition of the NDAA unclear, The American Legion will comment on proposed legislation in reference to the current established statutes.

The American Legion has provided this Committee during the First Session of the 110th Congress numerous recommendations and observations of veterans' education benefits. As we move forward, The American Legion looks forward to the continuation of the progress made over the last year and we continue to stand by our previous statements and advocacy efforts.

# TOP PRIORITIES OF MODIFICATION AND ENHANCEMENT OF VETERANS' EDUCATION BENEFITS

# **Portability of Benefits**

The American Legion supports eliminating the ten-year delimiting period for veterans to use MGIB educational benefits and to allow all Reserve Component members to use their MGIB benefits for up to ten years after separation or completion of a service contract.

#### **Raise the Rates**

The American Legion recommends that the dollar amount of the entitlement should be indexed to the average cost of a college education including tuition, fees, textbooks and other supplies for commuter students at an accredited university, college or trade school for which they qualify. Additionally, the educational cost index should be reviewed and adjusted annually.

#### Equity of Benefits for Time Served on Active Duty

The American Legion supports a MGIB–SR participant reimbursement rate adjusted for time spent on Federal activation, State activation, and normal service for a period not to exceed 36 months.

#### **Termination of \$1,200 Contribution**

The American Legion supports the termination of the current military payroll contribution (\$1,200) required for enrollment in MGIB. Additionally, The American Legion supports that enrollment in the MGIB shall be automatic upon enlistment. However, benefits will not be awarded unless eligibility criteria have been met.

#### **Transferability of Benefits**

The American Legion supports the transfer of MGIB benefits from veterans to their immediate family members should a veteran elect to do so.

# **Accelerated Payments**

The American Legion supports granting veterans an option to request an accelerated payment of all monthly educational benefits upon meeting the criteria for eligibility for MGIB financial payments.

# ADMINISTRATION OF VETERANS' EDUCATION BENEFITS

#### Recodification

The American Legion recommends that Congress move the Montgomery GI Bill-Reserve Education Assistance Program (REAP, Chapter 1607) and the Montgomery GI Bill-Selected Reserve (MGIB–SR, Chapter 1606) from Title 10, United States Code (USC), to Title 38, USC. Additionally, we recommend providing the Department of Veterans Affairs (VA) with administrative authority for the MGIB, REAP and MGIB–SR benefits. Finally, The American Legion recommends that the MGIB, REAP and MGIB–SR funding become annual mandatory appropriations. Recodification of MGIB benefits from Title 10 to Title 38 would place the administration of programs under VA and oversight under the Committees on Veterans' Affairs.

Traditionally seen as a recruitment tool, the MGIB is a readjustment tool that more closely falls in line with the purview of VA. The VA Education Service has a proven track record of improving delivery and facilitation of services, as well as a dedication to veterans. Furthermore, the Committees on Veterans' Affairs are better equipped in that they have established oversight protocol of veterans and VA programs. It is our hope that transferring oversight from the Committees on Armed Services to the Committees on Veterans' Affairs will expedite legislation seeking to improve educational benefits for veterans. Since 1999, the Committees on Armed Services and the Department of Defense officials have failed to adjust the rates of Reserve Components' education benefits. As a result, the current MGIB–SR benefit for full time students is \$317 a month, or just 29 percent of MGIB–AD.

# SELECTED LEGISLATION CONTAINING ENTITLEMENT OF BENEFITS FOR AGGREGATE TIME SERVED

# H.R. 1211, "The Resuming Education After Defense Service Act of 2007" and H.R. 2702, "The Post-9/11 Veterans Educational Assistance Act of 2007"

# **Eligibility Concerns**

While these two bills are steps in the right direction by providing benefits for time served, The American Legion is concerned that it fails to recognize those veterans that complete their tours honorably, but do not serve an aggregate of two years, and do not meet the other requirements of eligibility. These veterans have served their country honorably yet are excluded from earned benefits.

The eligibility requirement as proposed by bills H.R. 1211 and H.R. 2702 requires a servicemember to serve an aggregate of at least two years of honorable active-duty service in the armed forces after September 11, 2001. However, The American Legion supports a MGIB–SR participant reimbursement rate adjusted for time spent on Federal activation, State activation, and normal service for a period not to exceed 36 months.

The operational force of our nation's military has transformed dramatically since 1985, the year that the MGIB was established. Now, the Reserve Components are a large part of the operational force and are called to active-duty for a significant portion of their Reserve career as compared to prior years when the Reserve Compo-nents were rarely used. As of today, over 450,000 members of the Reserve Components have been deployed in support of Operation Iraqi Freedom (OIF) and Oper-ation Enduring Freedom (OEF). A majority of these Reservists served honorably on active-duty for at least 90 days, thereby earning them REAP benefits (Chapter 1607, Title 10, USC) in addition to their MGIB-Selected Reserve Benefits (Chapter 1606, Title 10, USC). Therefore, deducing that out of the 850,750 members of the Reserve Components who have departed the military since 2002, we conservatively estimate that at least over 400,000 veterans have lost earned education benefits. Or, at least 50 percent of the force has lost earned education benefits that could have been used to increase their earning potential. Noting that our figures are of National Guard and Reserve members that were deployed in support of OIF/OEF, there are addi-tional Reservists that were called to active-duty to CONUS (Continental United States) or deployed to other regions of the world. Hence, our conservative estimate of 400,000 veterans losing earned benefits is, more likely than not, much greater. If these two pieces of legislation are passed in their current form, approximately 100,000 newly eligible veterans would qualify, but 400,000 veterans of the same era would not. As the Global War on Terrorism continues, an ever-increasing number of veterans will fall into these two categories.

Staff Sergeant Jimmy Marrello is a Reservist from Illinois. He has made the Dean's list while he was in school and was a finalist for the Non-Commissioned Officer (NCO) of the Year Competition. Unfortunately, none of his Federal activations were 2 consecutive years and thus, he is ineligible to enroll in the MGIB-AD. SSG Marrello will only receive a maximum of \$23,781 of REAP benefits, but he will not be able to use them after completion of his service contract. If he served 2 consecutive years, he would be able to enroll in the MGIB-AD benefit and receive \$31,701 and have the ability to use those benefits after leaving service. Amazingly, when he completes his upcoming tour in the Horn of Africa he will have completed 48 months of active-duty service starting in 2003, but never in a 2-year sequential period.

SSG Marrello states:

"I have only been able to complete about a fourth of the required classes for my nursing degree due to constant call-ups. I have been to Iraq for 14 months, the Defense Language Institute for 18 months, Primary Leadership Development Course, Basic Non-Commissioned Officers Courses, Non-Commission Officer of the Year Competition, Unit Prevention Leader Course, Range Safety Course, Foreign Language Refresher Course and other supportive assignments in support of operations.

At this very moment I am in Fort Bragg, North Carolina preparing to deploy to the Horn of Africa for 16 months. By the time I return I will be 32 years old, my son will be 9 years old, and I hope to resume my nursing degree in the Fall of 2009.

Every time that I have to leave it sets me back financially in that I have to find new housing, fix my vehicle, regain my possessions from storage and other matters. I end up spending a lot of money that I wish I could invest or spend for school. When I came back from Iraq in 2004, my possessions were in one state, my immediate family in another, and my child and his mother in yet another state. With no place really to go, I lived in a hotel room for 3 months trying to figure things out."

We note that the current DoD Reserve Component Force Management Policy released by the Office of the Secretary of Defense on January 11, 2007 states: "DoD will construct the maximum mobilization timeframe to one-year and the policy objective for involuntary mobilization of Guard/Reserve units is a one-year mobilized to five-year demobilized ratio." If these policies hold true, many members of the Reserve Components would not be eligible to receive benefits under H.R. 1211 and H.R. 2702, yet they have honorably served their country on active-duty in the Armed Forces.

The American Legion supports Reservists utilizing their educational benefits even after release from the Selected Reserve.

Therefore, equity of benefits would remedy this situation. The American Legion recommends benefits for time spent on Federal activation at the full time rate proposed in the legislation for those veterans that have served less than two years, but also allow them to use their benefits after completion of a service contract. If a servicemember does serve an aggregate of two years, due to multiple deployments, extensions, or enlistment in the Active-Duty Force, then they would be in receipt of the full duration of benefits as proposed in H.R. 1211 and H.R. 2702.

#### H.R. 1211

The American Legion supports the aggregate requirement and the removal of any ending date of qualification. H.R. 1211 would permit a member of the Selected Reserve who (among other qualifications), served an aggregate of two years on activeduty during the period beginning on September 11, 2001, and ending on December 31, 2008 to one month of educational assistance for each month served on activeduty. Furthermore, H.R. 1211 does require the basic pay of qualifying members to be reduced by \$100 for each of first the 12 months of such active-duty service. The American Legion supports the termination of the current military payroll contribution (\$1,200) required for enrollment in MGIB. The American Legion supports extending eligibility for H.R. 1211 past 2008.

## H.R. 2702

Grasping the essence of the original GI Bill in 1944, H.R. 2702 seeks to provide this nation's veterans with an educational benefit package similar to that earned by veterans in the late 1940s, 1950s and 1960s. Following World War II, wartime veterans saturated colleges and then used their advanced degrees to gain employment in all sectors of our country. H.R. 2702 will pay up to the maximum amount of tuition regularly charged for in-state students for full-time pursuit of programs of education. Succinctly, it is tied to the 'public institution of higher education in the State in which the individual is pursuing such program of education that has the highest rate of regularlycharged tuition for programs of education among all public institutions of higher education in such State.' Simply put, a veteran can afford to go to the highest priced public institution at the in-state rate. Furthermore, it will pay for an amount equal to the room and board of the individual plus a monthly stipend in the amount of \$1,000.

Therefore, The American Legion fully supports the intent of H.R. 2702 to provide additional educational benefits for full time active-duty servicemembers and those individuals who are ordered to active-duty as members of Reserve Components of the armed forces. We do reiterate our recommendation to amend this proposed legislation to allow for use of benefits after service and entitlement of benefits based on time spent on Federal activation, State activation, and normal service.

## **Additional Proposed Legislation**

#### H.R. 2910, "The Veterans Education Tuition Support Act of 2007"

This proposed legislation identifies the current plight that returning college bound servicemembers have been unjustly enduring from some institutions of higher learn-ing and accordingly, The American Legion supports this bill. H.R. 2910 recognizes the complete transformation of the Reserve Components into an operational force. Activations and intermittent duty such as training or duty in support of operations are now an obligation of service.

The American Legion supports the proposed amendment to the Servicemembers Civil Relief Act that will prohibit unfair penalties on members who are called to ac-tive-duty service while enrolled in institutions of higher education. A refund of tuition and fees pre-paid by a servicemember to a university for classes not taken due to performance of military obligations is long overdue. The American Legion is con-cerned that activations during the middle of a course is extremely disruptive and while this legislation aims to correct injustices financially, in most cases the veteran must restart the course and has lost valuable time due to deployment.

This legislation also aims to allow a servicemember the opportunity to reenroll with the same educational and academic status that they had when activated. In a sense, it will be as if the servicemember never left college and therefore will not be penalized. Finally, the bill assists veterans in repayment of student loans. Again, The American Legion supports H.R. 2910.

#### H.R. 2247, "Montgomery GI Bill for Life Act of 2007"

In enacted, the "Montgomery GI Bill for Life Act of 2007" would repeal all time limits to use the MGIB. H.R. 2247 is a step in the right direction and The American Legion supports the repeal of the 14-year limit for MGIB–SR and applauds efforts to assist disabled members and allow them to use their education benefits. In addition to the positive measures that the bill encompasses, The American Legion notes that the bill neglects to repeal the delimiting date for REAP beneficiaries, those Reservists who were called to active-duty for a minimum of 90 days.

### H.R. 2385, "The 21st Century GI Bill of Rights Act of 2007" Section 2

This legislation also makes strides toward improvement, but falls short of what is truly needed to modify and enhance veterans' education benefits. The American Legion agrees with the proposed payments of the veterans' subsistence, tuition, fees and other educational costs and delivery of benefits in a lump sum manner. How-ever, we object to the limitation that this program would be unavailable to those veterans seeking a graduate level degree.

The American Legion objects to the "deployed overseas" requirement for eligibility of this program. The American Legion supports making the proposed changes available to all eligible veterans regardless of overseas service.

#### H.R. 1102, "Total Force Educational Assistance Enhancement and Integration Act of 2007" (The Total Force GI Bill)

The American Legion supports the Total Force Educational Assistance Enhancement and Integration Act of 2007. This bill solves many problems, most significantly the inequities of benefits of the members of the Reserve Components as compared to their full time, active-duty counterparts. Servicemembers called to active service perform duties at an equal rate to their full time counterparts and should be treated as such. The American Legion is pleased to see the portability provision in this legislation. This will allow Reservists to earn credits for education while mobilized, just as active-duty troops do, and use them after they leave military service.

The Total Force MGIB plan calls on Congress to combine statutory authority for both MGIB–AD and MGIB–SR programs under the VA (Chapter 30 of Title 38, USC). This would mean moving MGIB–SR and REAP programs from the DoD (Chapters 1606 & 1607 of Title 10, USC) and shifting oversight responsibility to VA.

The plan also calls for simplifying MGIB benefit levels and features into three tiers. Tier One would be MGIB–AD. Benefits for full time students are currently \$1,101 a month for 36 months of college or qualified vocational training. Tier Two would be MGIB–SR for drilling members who enlist for six years. Tier Three would be MGIB benefits for activated Reservists, but with changes to the Reserve Education Assistance Program (REAP) that Congress enacted in 2004.

Under Total Force MGIB, activated Reservists would be in receipt of REAP benefits at a rate (40, 60 and 80 percent of the active duty payment rate) corresponding to their length of mobilization up to 36 months. Members would have up to 10 years to use active duty or activated Reserve benefits (Tiers One and Three) from the last date of separation from the Ready Reserve. A Reservist could also use any remaining MGIB–SR benefits (Tier Two), but only while in drill status or for up to 10 years after separation if the separation is for disability or qualification for retirement. The American Legion supports that REAP benefits remain available for up to 10 years following separation from the Selected Reserve.

# H.R. 1214, "The Veterans' Survivors Education Enhancement Act"

The American Legion supports the transfer of Montgomery GI Bill benefits from a veteran to their immediate family members, should a veteran elect to do so. In the case of survivors and dependents of a deceased veteran, it would be beneficial to immediate family members, if remaining earned veterans' educational entitlements can be transferred.

#### H.R. 4889, "The Guard and Reserves Are Fighting Too Act of 2008"

The American Legion agrees with the proposed legislation, H.R. 4889, the "Guard and Reserves Are Fighting Too Act of 2008", and fully supports the intent of the bill that would move the Reserve Educational Assistance Program (REAP) from Chapter 1607, Title 10, USC to a new chapter under Title 38, USC Recodification of REAP benefits would place the administration under the VA and the oversight authority under the Committees on Veterans' Affairs.

However, The American Legion has concerns regarding the technical language in connection to the anticipated passage of the FY 2008 National Defense Authorization Act (NDAA). If H.R. 4889 were enacted in its current form after the passage of the FY 2008 NDAA, the positive veterans' education provisions contained in the FY 08 NDAA would be removed by this legislation.

The American Legion recommends making technical corrections to H.R. 4889 to contain the new veterans' education provisions enacted under Title 10, U.S.C. by the NDAA. The language would then fully match the legislative intent to transfer all REAP benefits to Title 38, USC.

The most notable positive provision in the NDAA in regards to veterans' education is the portability of benefits of REAP beneficiaries. The NDAA would enact legislation in Title 10, USC to allow Reservists to use their Chapter 1607 educational benefits for 10 years after separation from the Reserves and permit Reservists to reclaim previously earned Chapter 1607, Title 10, USC benefits and use them for 10 years following any subsequent separation if they rejoin the Reserve Components. Additionally, it also authorizes an accelerated payment program, allows Reservists with three cumulative years of active-duty service to qualify for education benefits at 80 percent of the active-duty rate, and creates a buy-up program for servicemembers eligible for Chapter 1607, Title 10, USC benefits.

#### CONCLUSION

Historically, The American Legion has encouraged the development of essential benefits to help attract and retain servicemembers into the Armed Services, as well as to assist them in making the smoothest possible transition back to the civilian community. The Servicemen's Readjustment Act of 1944, the "GI Bill of Rights" is a historic piece of legislation, authored by Harry W. Colmery, Past National Commander of The American Legion, that enabled millions of veterans to purchase their first homes, attend college, obtain vocational training, and start private businesses.

The legislation discussed today aims to better serve veterans and ultimately assist them in attaining financial stability. The American Legion commends the Subcommittee for addressing these important issues. We appreciate the opportunity to present this statement for the record and to continue our proud history of advocating for increased educational benefits to members of the armed forces.

#### Prepared Statement of Thomas L. Bush, Acting Deputy Assistant Secretary of Defense for Reserve Affairs, U.S. Department of Defense and

### Curtis L. Gilroy, Ph.D., Director for Accession Policy, Military Personnel Policy, Office of the Under Secretary of Defense for Personnel and Readiness, U.S. Department of Defense

Good afternoon Madam Chairwoman and Members of the Subcommittee. We are pleased to appear before you, on behalf of the Department of Defense (DoD), to testify about proposed changes to the educational assistance programs available to active duty members, National Guard and Reserve members, and veterans. The current programs are the Montgomery GI Bill (MGIB), which provides educational assistance benefits to active duty members, veterans and National Guard and Reserve members who complete the required active duty service, the MGIB for the Selected Reserve (MGIB–SR), which provide educational assistance benefits to members of the Selected Reserve and the Reserve Educational Assistance Program (REAP), which provides educational assistance to Ready Reserve members, and under certain circumstances to veterans, who served on active duty or full-time National Guard duty for designated purposes.

For today's hearing, you asked for DoD's views on seven specific items of pending legislation. Specifically, the invitation asked for the Department's views on H.R. 2910, H.R. 1211, H.R. 2247, H.R. 2385, H.R. 1102, H.R. 1214, and H.R. 2702.

#### MGIB

In assessing the current MGIB program, it is important to note that education benefits are vital to our recruiting efforts. "Money for college" consistently ranks among the major reasons young men and women give for enlisting. Enrollment in the active-duty MGIB program has risen from only 50 percent in its first year, 1985, to nearly 97 percent today. A total of 2.8 million men and women, from an eligible pool of 3.8 million, have chosen to participate in the MGIB since its implementation on July 1, 1985. Such enrollment rates demonstrate the attractiveness of the MGIB.

on July 1, 1985. Such enrollment rates demonstrate the attractiveness of the MGIB. The current MGIB program continues to serve the Active components of the military well. It is our belief that there are no significant shortcomings to the program.

#### Value of the MGIB Stipend

In the initial year of the program—School Year 1985–86—the MGIB offset 70 percent of the average total expenses at a public four-year university. Total expenses include tuition, fees, room and board. This offset steadily declined until the early 1990s, when the MGIB monthly benefit increased from \$300 per month to \$400 per month. Since 1993, the benefit has been adjusted annually for inflation. The current rate of \$1,101 for this school year covers approximately 75 percent of the average total expenses at a public four-year university.

total expenses at a public four-year university. In addition to the basic MGIB benefit, three of the four Services offer an increased benefit, called a "kicker," targeting enlistments in certain critical or hard-to-fill skills and for extended periods of initial service. The Army, Navy, and Marine Corps use this incentive to steer about 12,000 high-quality youth into the skills necessary for efficient force management. The statutory limit for the kicker is \$950 per month. The basic MGIB benefit plus the kicker make up the Service College Funds. This past year, the maximum benefit of the Service College Funds covered 140 percent of the average total expenses at a public four-year university.

of the average total expenses at a public four-year university. There is no doubt that the MGIB serves as a key recruiting incentive. As we indicated earlier, young men and women consistently rank "money for college" as a major reason they enlist. Today, the Services are facing stiff challenges to recruiting. The number of graduates who are pursuing postsecondary education right out of high school is at an all-time high, and young people are finding that financial assistance to attend college is available from many sources. While few of those sources match the benefits of the MGIB, neither do these sources require young men and women to delay their education for a term of military service and the possibility of entering into "harm's way." The MGIB benefit should be sufficient to offset the commitment and sacrifices associated with military service.

While many may look at the benefit level of the MGIB as it relates to readjustment and transition to civilian life, we must be mindful of its effect on military force management. The potential benefits of a higher benefit level to recruiting must be carefully evaluated in light of the difficulties some of the Services are currently experiencing in the recruiting market. Attracting qualified recruits using large, acrossthe board basic benefits incurs the risk that many who enter for the benefits will leave as soon as they can to use them. If so, lower first term retention could both reduce the number of experienced NCOs and Petty Officers available to staff the force, and put added pressure on the recruiting market as additional accessions are required to replace the members who leave. The Department of Education, National Center for Education Statistics states the total monthly cost of education (tuition, fees, room, and board) for School Year 2006–2007 was \$1,450 (adjusted for inflation). We posit that the negative retention impact starts to outweigh the positive impacts on recruiting when the monthly benefit is higher than the total cost of education.

#### MGIB-SR and REAP

The MGIB–SR also serves its intended purpose well. Since the inception of the program in 1986 through Fiscal Year 2006, 1.6 million members of the Selected Reserve have entered into service agreements to gain eligibility for MGIB–SR benefits. Of those who committed to service in the Selected Reserve for MGIB–SR benefits, 663,000, or 41 percent, have applied for educational assistance. This indicates that educational assistance plays an important role in the decision to join the National Guard or Reserve for a large number of the eligible servicemembers. At the end of Fiscal Year 2006, the number of Selected Reserve members eligible for MGIB–SR benefits totaled 366,000, of whom 106,600, or 29 percent, had applied to receive benefit payments.

efit payments. REAP was enacted in Fiscal Year 2005 to provide an educational assistance program specifically for National Guard and Reserve members who serve in support of a contingency operation and National Guard members who support certain Federal missions in a federally funded state duty status. A member who serves for as few as 90 days of continuous service is eligible for a benefit that is 40 percent of the three-year MGIB rate. The rate increases with longer periods of service. A member receives 60 percent of the MGIB rate for one continuous year of service and 80 percent of the MGIB rate for two continuous years of service.

#### **Proposed Legislation**

H.R. 2910, the Veterans Education Tuition Support Act of 2007, would provide for reimbursement of tuition to members of the Armed Forces for programs of education delayed by military service, provide for deferment of student loans and reduced interest rates for such members during periods of military service. This proposal addresses programs that are under the purview of the Department of Education (Education). Education advises this proposal is duplicative of recently enacted laws. The HEROES Act (recently made permanent in Public Law 110-93) provides the Secretary of Education waiver authority over return of student aid similar to the waiver mandated in H.R. 2910; in addition, the College Cost Reduction and Access Act signed into law in September provides 13 months of loan deferment for borrowers called to active duty. Moreover, the Servicemembers Opportunity Colleges (SOC), which is a consortium of colleges and universities dedicated to helping servicemembers, has been very effective in helping student reservists who encounter a problem. We are not aware of any problems that SOC has not been able to resolve. H.R. 1211, the Resuming Education after Defense Service Act of 2007,

**H.R. 1211, the Resuming Education after Defense Service Act of 2007,** would provide that service may be aggregated to qualify for MGIB benefits. Specifically, a Reserve component member who aggregates two years of active duty service in any five-year period would qualify for the MGIB two-year benefit. The bill would also establish a formula for the duration of assistance based on the number of months the member served on active duty. The concept of allowing a member to aggregate periods of service to qualify for a benefit is in keeping with our continuum of service concept and the Secretary's force utilization policy. However, we defer to the Department of Veterans Affairs (VA), as this proposal would affect a program under its purview.

under its purview. **H.R. 2247, the Montgomery GI Bill for Life Act of 2007,** would repeal the 10year limit on use of MGIB benefits and the 14-year limit for use of the MGIB–SR benefit, and would repeal the delimiting period for disabled member under the REAP benefit. We defer to VA for comment on section 2 (eliminating the MGIB delimiting period), and we see no negative impact resulting from section 4 (eliminating the REAP delimiting period for disabled members). We estimate that eliminating the 10-year delimiting period for disabled members under REAP would cost less than \$1M per year. The Department supports the concept of eliminating the MGIB– SR 14-year delimiting period for Selected Reserve members provided members continue to serve in the Selected Reserve. The Department also supports repealing the MGIB–SR 10-year delimiting period for members separated because of a disability. However, this section of the bill is substantively flawed in that it no longer provides the authority to continue to pay benefits to disabled members. Therefore, the Department does not support section 3, as drafted.

**H.R. 2385, the 21st Century GI Bill of Rights Act of 2007,** would offer a "World War II-like" GI Bill that would cover the full cost of college tuition, fees,

room, and board. This bill does limit the benefit amount at the national average of public and private four-year institutions. We estimate that this benefit level would have limited the monthly payment to about \$2,050 for this past school year. This legislation is correct in stating that the MGIB was primarily designed for a "peace-time force." However, the current MGIB program for active duty is basically sound and serves its purpose in support of the all-volunteer force. The Department finds no need for the kind of sweeping (and expensive) changes offered.

In line with our earlier statement about benefit levels, we are concerned that a benefit of this level would have long-term negative impact on force management. Additionally, we are concerned that this bill offers no provision for "kickers," which the Services routinely use to channel high quality youth into hard to fill and critical skills. The level of the proposed benefit for all new accessions would exceed the maximum level of the current MGIB as augmented by a maximum "kicker" of \$950, making it more difficult to target the most critical skills. In addition, the Small Business Administration (SBA) advises that it would object to the proposed \$100,000 veterans "microloan" provision. The subsidy cost of the loans at the specified interest rate will be at least 10 percent (our rough estimate). In addition, microlending intermediaries have little experience in making loans of this size. The maximum loan most microloan intermediaries make is about \$35,000. The SBA's Patriot Express loan program, which operates through the 7(a) loan program, is the more appropriate vehicle for loans from \$35,000 to \$100,000. For these reasons, we oppose H.R. 2385. This bill also would have significant impact on the VA budget; therefore, again we would defer to the VA regarding the bill's costs.

H.R. 1102, the Total Force Educational Assistance Enhancement and Integration Act for 2007, would recodify chapter 1606 (MGIB–SR) and chapter 1607 (REAP) of Title 10, as a new chapter in Title 38. The Department opposes this bill. If enacted, it would place primary responsibility for managing critical DoD recruiting and retention incentive programs with the VA Secretary. DoD's responsibility is to manage and sustain the All-Volunteer Force, while VA's responsibility is to provide benefits and other services to veterans and their dependents and beneficiaries. Placing a military force management program under VA is inconsistent with its purpose and VA's responsibilities.

H.R. 1214, the Veterans' Survivors Education Enhancement Act, would make changes to the benefits accrued under the provisions of Chapter 35 of Title 38, United States Code. We see no impact of this provision on military force management. Therefore, we defer to the VA for comment on this legislation, as it will affect the VA budget.

H.R. 2702, the Post-9/11 Veterans Educational Assistance Act of 2007, would offer a "World War II-like" GI Bill, paying the full cost of a college education up to the maximum charges of the highest cost public institution in the State and a \$1,000 monthly stipend. As stated previously, the average monthly cost of a public four-year institution this past school year was about \$1,450. However, under H.R. 2702, we could expect the average recipient to receive a monthly benefit of about \$2,400. The Department opposes this bill for similar concerns as cited previously regarding H.R. 2385.

#### Conclusion

The Department is committed to providing educational assistance that recognizes the service and sacrifices of our Service members and helps them achieve their educational goals. If the primary purpose of the program is to help the Services achieve force management objectives, the program should appropriately remain with DoD. However, if the purpose of the program is to support veterans in their transition from military to civilian life, then the program is more appropriately placed with the VA. Like veterans of World War II, today's soldiers, sailors, airmen, Marines and Coast Guard members stand ready, willing, and able to defend our great Nation. However, unlike World War II, today we have an all-volunteer force and the Services need programs that will help them achieve their manning objectives. Educational assistance has played an important role in that and we would appreciate the continued support of this Committee in helping the Department sustain the allvolunteer force while continuing to provide members with programs that help them achieve their educational goals.

#### Prepared Statement of Keith M. Wilson Director, Education Service, Veterans Benefit Administration, U.S. Department of Veterans Affairs

Good afternoon Chairwoman Herseth-Sandlin, Ranking Member Boozman, and other members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss a number of bills that would, in the main, affect educational assistance programs administered by the Department of Veterans Affairs (VA).

# H.R. 1102

H.R. 1102, the "Total Force Educational Assistance Enhancement and Integration Act of 2007," would recodify the provisions of chapters 1606 (the Montgomery GI Bill-Selected Reserve (MGIB–SR) program) and 1607 (the Reserve Educational Assistance Program (REAP)) of Title 10, United States Code, relating to educational assistance for members of the reserve components of the Armed Forces, in subchapters I and II, respectively, of a new chapter 33 of Title 38, United States Code. The bill also would make substantial revisions to such provisions as so recodified. VA opposes H.R. 1102 as drafted for the reasons discussed below.

New section 3302, as proposed by this bill, embodies the provisions of 10 U.S.C. § 16132. This provision would set a program-commencement date of October 1, 2008, and would maintain eligibility based on a six-year commitment in the Selected Reserve.

New section 3302A, as proposed, has no corresponding section in Title 10, but would provide that each individual eligible for the MGIB–SR on October 1, 2008, would be eligible for the new chapter 33 program and could carryover to the new program the amount of his or her MGIB–SR entitlement remaining as of September 30, 2008. The current 14-year delimiting date for such individuals to use their educational assistance benefits would no longer apply.

30, 2008. The current 14-year definiting date for such individuals to use their educational assistance benefits would no longer apply. New section 3303, as proposed, would correspond to current section 16131(b) of Title 10. This section sets monthly rates for the subchapter I program at the MGIB– SR rates in effect for Fiscal Year (FY) 2007 (\$309). This change would result in a rate decrease, however, since the MGIB–SR rates otherwise would be subject to a cost-of-living (CPI) adjustment for FY 2008. We could not support this change since we do not believe recodification should result in a lesser benefit. This section would maintain the CPI adjustment for subsequent fiscal years and future rate increases would be tied to increases in chapter 30 Montgomery GI Bill (MGIB) rates by applying the same percentage increases in the rates.

The bill also would provide that VA and the Department of Defense (DoD) jointly establish the amounts of increased benefit or "kicker" payable to certain individuals to encourage enlistment in military skill or specialty areas in which there is a critical shortage of personnel or for which it is difficult to recruit. We believe such determinations relating to military force needs should remain exclusively with DoD.

Ical shortage of personnel or for which it is difficult to recruit. We believe such determinations relating to military force needs should remain exclusively with DoD. Subchapter II of Chapter 33, as established by H.R. 1102, would recodify provisions covering the REAP. New section 3323 would provide for the program under subchapter II to begin on October 1, 2008, with the same threshold 90-day active duty requirement for a participant's eligibility as for the REAP. VA, rather than DoD, would be required to notify individuals of their eligibility under the program. Sorting 22024 or proposed would provide that each individual cligible for the

Section 3323A, as proposed, would provide that each individual eligible for the REAP on October 1, 2008, would be eligible for the new subchapter II program. These individuals would carryover the number of months of their entitlement remaining on September 20, 2008. Under certain circumstances, if an individual completes a service contract, the individual's delimiting date for using his or her remaining benefits would be 10 years from the date the individual separates from the Ready Reserve. We defer to DoD on this provision since it could negatively impact Reserve retention policy.

Section 3324 would make the monthly rate payable under subchapter II equal to the three-year MGIB-Active Duty (MGIB-AD) rate. Individuals who qualify for subchapter II through serving the minimum period of active duty that qualified them for the REAP (i.e., 90 days) may receive up to 36 months of a benefit amount equal to that earned by a three-year commitment to the active duty forces. The amount would be adjusted annually by the increase in the CPI. This change would be a significant departure from current law and one that we oppose. Currently, a servicemember gets 40 percent of the MGIB-AD rate if called to active duty for at least 90 days but less than a year; 60 percent of the MGIB-AD rate if called to active duty for at least a year but less than two years; and 80 percent of the MGIB-AD rate if called to active duty for at least two years.

Another change to the REAP involving pursuit of flight training would provide for a substantial increase in such benefit. Individuals pursuing flight training full time under the subchapter II program would be given 60 percent of the established charges for tuition and fees. Individuals pursuing flight training currently under the REAP receive 24, 36, or 48 percent of those fees depending upon length of activeduty service.

Under subchapter II, on-job training (OJT), apprenticeship, and correspondence program pursuit would be treated in a similar manner to such pursuit under the MGIB-AD. Currently, REAP participants pursuing such training receive a smaller percentage of the full-time rate than do their MGIB-AD counterparts. Therefore, this change also would be a rate increase for subchapter II program participants. For instance, a subchapter II participant who qualified for the REAP based on serving 90 days of active duty would receive benefits for on-job training at the initial rate of 75 percent of the full-time MGIB-AD monthly rate for individuals who served a 3-year active duty commitment, rather than the 30-percent rate that otherwise would be payable under the REAP.

Under section 3225, a Reserve member who becomes eligible for subchapter II benefits after Sept. 30, 2008, generally could not use those benefits after leaving the Reserves if the member leaves before completing his/her contract. Otherwise, if the service contract is fulfilled, the member would be able to use benefits for 10 years after separation from the Ready Reserve. The 10-year limit also would apply if the member is separated early for disability, as is the case under current law. This change would allow everyone who fulfills the service contract to use the benefit after leaving the Reserves. This would be a substantial change from current law and could negatively impact Reserve retention policy. Consequently, we defer to DoD on this provision.

Section 3326 proposes that the educational assistance would end if the individual receives benefits under 10 U.S.C. 2107 or leaves the Reserves without fulfilling the service contract. An exception would be allowed for individuals who left but subsequently reentered the Reserves, provided that the break did not exceed more than 90 days. Again, we would defer to DoD on this provision since it could negatively affect retention policy.

Section 3342 provides that funding for those establishing eligibility after September 30, 2008, would come from VA's readjustment benefits account. Funding effective October 1, 2008, for those who transfer into the program from the REAP or MGIB–SR would come from DoD. Currently, all funding comes from DoD. The Administration has worked with Congressional Budget and Appropriation Committees to ensure that the true cost of manpower is reflected in the budget of all agencies so that both cost and policy are not separated. Reserve education benefits are mainly recruiting and retention tools and for this reason they were funded on an actuarial basis in the DoD budget at the inception of the MGIB. The Administration does not support dismantling this funding mechanism as it would be contrary to transparent and responsible budgeting.

anal basis in the bob budget at the inception of the Moh. The Administration does not support dismantling this funding mechanism as it would be contrary to transparent and responsible budgeting. VA estimates that, if enacted, H.R. 1102 would result in an increase to VA's Readjustment Benefit appropriation request of \$844.3 million in the first year, and \$8.4 billion over nine years. This increase reflects the change in appropriation structure requiring VA to increase its appropriation to cover the obligations associated with these payments. VA estimates the net impact of H.R. 1102 to the Federal Government would be an increase of \$416.1 million in the first year and nearly \$4.9 billion over nine years. VA's General Operating Expenses (GOE) costs are estimated to be \$7.3 million over 10 years. In addition to the policy objections stated above, we oppose this legislation because the direct costs involved are not included in the Budget and the legislation does not identify a corresponding offset.

Moreover, in order to ensure effective implementation of the proposed bill, VA would have to significantly enhance or replace existing accounting systems. We estimate approximately 18 months would be needed to complete this process and we have no current estimation on the costs involved.

#### H.R. 1211

H.R. 1211, the "Resuming Education After Defense Service Act of 2007," would amend section 3012 of Title 38 to provide entitlement to educational assistance under the MGIB-AD for members of the Selected Reserve who aggregate more than two years of active duty service in any five-year period commencing with the first active duty orders received during the period September 11, 2001 to December 31, 2008. H.R. 1211 would require that the pay of a member be reduced \$100 a month for the first 12 months of active duty service, unless the member declines MGIB participation. H.R. 1211 would provide for retroactive credit for active duty service and the payments would be made effective date of enactment.

Under current section 3012, members of the Selected Reserve are eligible for MGIB-AD educational assistance if they serve at least two continuous years of ac-

tive duty in the Armed Forces after June 30, 1985, followed by four years of service in the Selected Reserves. This bill contains no post-active duty Selected Reserve service requirement for its new category of section 3012 eligibility.

Also, VA has concerns regarding section 2(d) as it is currently written. Under that section, the \$1,200 initial contribution is collected during the first 12 months of active duty service instead of at the end of the active duty period. It follows, therefore, that the member would have to make a benefit election at the beginning of deployment when unaware of whether he/she will ever serve the aggregate active duty pe-riod required to establish MGIB-AD eligibility.

This bill would result in a benefits cost increase to VA of \$1.2 million in the first year, \$10.2 million for five years, and \$16.8 million over 10 years. The additional \$1,200-basic-pay reductions would generate approximately \$6.8 million in the first year (FY 2008) and \$8.2 million over three years to be deposited in the proprietary do offset VA outlays for scoring purposes.) Because of the potentially large direct costs without identified offsets, VA opposes this bill.

# H.R. 1214

H.R. 1214, the "Veterans' Survivors Education Enhancement Act," would expand and enhance educational assistance under VA's Survivors' and Dependents' Edu-cational Assistance program codified in chapter 35, Title 38, United States Code.

# Section 2(a). Termination of durational limitation on use of educational assistance and restatement of continuing requirements. Under current law, section 3511(a)(1), Title 38, United States Code, an eligible

person may not receive chapter 35 educational assistance for more than 45 months or the equivalent thereof in part-time training. Also, under section 3695(a) of that title, a person may not aggregate more than 48 months of entitlement under chapter 35 and one or more provisions of law listed in that section.

H.R. 1214 would eliminate the 45-month limitation on entitlement under chapter 35 and allow for dependents, spouses, and surviving spouses to receive educational assistance up to a maximum dollar amount. It would also exempt any entitlement received under chapter 35 from the 48-month aggregate maximum entitlement allowed under more than one education benefits program. Thus, for example, an eligible person could receive full entitlement under chapter 35, then go on to receive full entitlement under another program or vice versa.

VA does not support this section for two reasons. First, we do not believe it would be equitable to allow chapter 35 recipients to receive far more benefit dollars up front and overall than veterans, servicemembers, or reservists who are not eligible to receive benefits under chapter 35. There also would be a significant direct cost associated with making chapter 35 entitlement exempt from the 48-month maximum entitlement rule, and no offsets for this cost have been identified.

Section 2(b). Extension of delimiting age of eligibility for dependents. Under this section, H.R. 1214 would allow an eligible dependent child to receive chapter 35 educational assistance until the child's thirtieth birthday. Presently, an eligible child may receive educational assistance until age twenty-six (with certain exceptions). This change, of course, would allow more individuals to be eligible for chapter 35 benefits for a longer period of time, generating direct costs for which no offsets have been identified.

One of the purposes of this chapter is to aid eligible children in reaching the educational status they might have obtained but for the disability or death of the veteran parent. VA does not have any evidence to show that this purpose is not being fulfilled with the current age limitation or that it would be better met if the age for the ending date of a child's period of eligibility were 30.

### Section 2(c). Amount of educational assistance.

Under current law, the monthly educational assistance allowance for chapter 35 is computed based on the type of training being pursued and the training time. This section of H.R. 1214 would eliminate any fixed monthly educational assistance allowance. H.R. 1214 does not define in what increments payment should be disbursed. Instead, it would provide for an aggregate educational assistance amount of \$80,000 and allow this amount to be paid in any amount for institutional courses, vocational training, apprenticeship or other on-job training, farm cooperative programs, and special educational assistance for the educationally disadvantaged and/ subject to this limit. Educational assistance, including special training allowance, would be provided to eligible persons at an institution located in the Republic of the Philippines at the rate of \$.50 for each dollar. It also specifies that the aggregate educational assistance amount would be increased annually based on the Consumer Price Index.

VA objects to section 2(c) for several reasons. The \$80,000 educational assistance amount bears little or no connection to the cost of the education an eligible person might be pursuing. This amount is more than the cost of tuition, fees, room and board charged at a four-year public school according to the National Center for Education Statistics (NCES). It is far, far more than the cost of any correspondence course an eligible person might pursue. Furthermore, payment based on \$80,000 would mean that an apprentice or job trainee under chapter 35 would actually receive a sharp decline in income upon completion of training when the journeymanlevel wage is attained.

Contrary to the stated purpose of chapter 35, if this provision were enacted, an individual eligible for chapter 35 benefits could receive \$80,000 in educational assistance without receiving an education. For example, an eligible individual could ask for and receive \$80,000 at the start of the first semester of a college program then drop out after a short time. Under this bill and the provisions of existing statute concerning mitigating circumstances, the claimant could keep the \$80,000 even if the claimant never again pursued any education program. This bill would remove the incentive for a student to complete a program of educational training and, in effect, separate the benefit from the whole program.

Finally, this provision as written would allow any currently eligible person to request a lump-sum payment of \$80,000 as soon as the person enrolled in an approved training program. Thus, persons currently receiving chapter 35 benefits could also request a lump-sum payment of \$80,000 as soon as this bill is enacted, regardless of how much they already have received in chapter 35 benefits. This would result in significant up front direct costs for which no offsets have been identified.

Section 2(d). Other conforming amendments.

This section makes conforming amendments.

Section 2(e). Clerical amendments.

The technical amendments in this section make minor editorial changes. We have no objections to the clerical amendments listed in this section.

Section 2(f). Effective dates.

The amendments made by H.R. 1214 would be effective the date of enactment of the Act. Since the bill eliminates the months of entitlement charged for chapter 35 benefits, those persons still within their delimiting date on the day the bill is en-acted could request a lump-sum payment of \$80,000 even if they previously had ex-hausted their entitlement under the current law. The bill does not address such transitional issues for current chapter 35 beneficiaries and those eligible persons Still within their delimiting date. For the foregoing reasons, VA opposes H.R. 1214.

#### H.R. 2247

H.R. 2247, the "Montgomery GI Bill for Life Act of 2007," would eliminate time limitations for eligible individuals to use their educational assistance benefits under limitations for eligible individuals to use their educational assistance benefits under the Montgomery GI Bill (MGIB) program. Currently such time limitations, in gen-eral, are 10 years from an individual's last discharge or release from active duty for the MGIB-AD program and the earlier of 14 years from the date an individual becomes entitled to educational assistance or the date the individual is separated from the Selected Reserve for the MGIB-SR. The bill would eliminate the time limi-tation for using education benefits under the REAP for certain eligible individuals who have separated from the Ready Reserve because of disability. Under current law, such individuals have 10 years from the date on which they become entitled to such assistance to use it. Finally, H.R. 2247 would remove the time limitation on the use of entitlement transferred to certain dependents under the MGIB-AD. Under this provision eligible sources could use the benefits transferred to them Under this provision, eligible spouses could use the benefits transferred to them with no time limitation, although eligible children would remain limited in using their transferred entitlement only until they reach the age of 26.

VA cannot support the bill's proposal to eliminate the current delimiting-date pro-visions for using MGIB-AD benefits because no cost offsets have been identified to cover the potentially significant cost of the resulting benefit expansion. Furthermore, enabling the use of this benefit such a long time after discharge does not align with the codified purpose of these benefits as a readjustment benefit to help sepa-rating servicemembers readjust to civilian life. We defer to DoD in regard to secunder the MGIB–SR and REAP. VA is unable to estimate the increased cost resulting from enactment of the provisions of H.R. 2247 pertaining to the MGI Bill-AD because we neither can predict the portion of the population that would elect to use the benefit beyond 10 years following discharge nor forecast when, or the extent to which, such use might occur.

#### H.R. 2385

H.R. 2385, the "21st Century GI Bill of Rights," would establish in a new chapter 33 of Title 38, United States Code, a new program of educational assistance for veterans who serve in the Armed Forces after September 11, 2001, and also would provide enhancements in housing and entrepreneur assistance for veterans.

Section 2 of H.R. 2385 would establish an entitlement under the proposed new educational benefit program for individuals who: (1) were deployed overseas on active duty in the Armed Forces after September 11, 2001, (2) served on active duty in the Armed Forces for an aggregate of at least 2 years after September 11, 1001, or (3) were discharged before aggregating 2 years of active duty service for a service-connected disability, a pre-existing medical condition, hardship or a physical or mental condition not resulting from their own willful misconduct but did interfere with their performance of duty. Individuals who received a commission as an officer upon graduation from a service academy would not be eligible for this benefit based on their initial service obligation.

VA opposes H.R. 2385. We believe that the bill's provisions relating to deployment are vague and overly broad. The bill fails to refer to a specific contingency operation but instead relies on a term ("deployed overseas") that is both vague and open to multiple interpretations. Allowing all individuals who have been deployed overseas since September 11, 2001, to qualify for the benefit would open up eligibility and a full 36 months of entitlement to anyone who has ever been deployed overseas regardless of location and length of service. This change would make a very substantial number of individuals eligible to receive this benefit. Although we cannot estimate costs at this time, we predict that this bill would lead to significant direct spending for which no offsets are identified. Also, by only allowing individuals deployed overseas to qualify, the bill would disqualify many deployed in support of the Global War on Terror within the United States who aggregate less than two years of active duty. Additionally, basing eligibility on active duty location would create significant administrative burdens that could negatively impact our ability to timely and accurately deliver benefits.

We cannot support this provision in the absence of more specific language regarding contingency operations and/or location of deployment. As proposed in H.R. 2385, individuals eligible under this program would be able

As proposed in H.R. 2385, individuals eligible under this program would be able to receive up to 36 months of educational assistance. Eligible individuals would be able to enroll in an approved program of education under current chapter 30 provisions, with the exception of programs to obtain a graduate degree. Chapter 33 recipients could receive educational assistance consisting of the established charges for the program (including tuition, fees, required supplies, books and equipment) and an amount equal to room and board. The payments for established charges could not exceed the national average amount of tuition regularly charged for fulltime pursuit of a 4-year program of education at a public or private college or university. The amount of the room and board payment could not exceed the standard dormitory fee, as established by VA through regulations.

VA opposes this provision because it would require VA to maintain established charges for programs and room-and-board costs.

The bill provides no guidance on how to determine a "standard" dormitory fee. For example, it is unclear whether the standard should be a national standard or a standard specific to each state. The development of regulations and procedures for making an annual determination of standard fees would be an overwhelming administrative burden to VA. In general, VA opposes the establishment of a benefit that is based on the cost of programs and room and board.

In addition, we note that many individuals enter military service today with at least some amount of postsecondary education. By disallowing graduate training, H.R. 2385 would unfairly limit the eligible person's choices and the ability to use the maximum entitlement earned, as well as create an inequity among those eligible to receive the benefit. There is no compelling reason to favor one type of degree over another.

The bill would provide for VA to determine the timing and frequency of payments to chapter 33 recipients. Educational assistance payments could be made in the form of a lump-sum amount for the entire term at its commencement, but payments may not be made before the individual's date of enrollment.

The provision to pay for terms of enrollment in a lump sum after the commencement of the enrollment period would have significant consequences. Currently, payments generally are made only after attendance begins. Payment of benefits following "enrollment" would result in significant amounts being provided prior to actual attendance. These payments could be based solely on how long prior to actual attendance an institution allows students to enroll. The use of the terms "enrollment" and "attendance" must be carefully applied.

Additionally, a heavy potential overpayment burden could be placed on veterans who terminate their enrollment prior to completing the term for which they have been paid. Presently, claimants must verify their attendance and are then paid on a monthly basis. This basically limits their liability for repayment of benefits due to course withdrawals to a single month. Payment of an entire term up front would cause a repayment liability on the part of the claimant for potentially many thousands of dollars.

New section 3313(e), as proposed, would establish the manner in which payments would be made to individuals who are pursuing a program of education while serving on active duty. Individuals on active duty would receive the lesser of the established charges or the amount of the institution's charges. VA would be required to issue the chapter 33 benefit amount to such individuals in a lump-sum payment before the start of the term. Entitlement would be charged at a rate of one month for each month covered by the payment.

Individuals pursuing training on a less than half-time basis would receive payments in a lump-sum no later than the last day of the month following the month in which their enrollment certification was received. Their entitlement would be charged at a percentage of a month equal to the number of hours undertaken divided by the number of hours for full-time study (actual hours/full-time hours).

Individuals eligible for the new chapter 33 benefits could also receive tutorial assistance up to \$100 per month for 12 months as outlined in 38 U.S.C. §3492 without accruing any charge to their entitlement.

Under the proposed chapter 33 program, individuals could also receive payments for licensing and certification tests, as defined in 38 U.S.C. §3452(b), without incurring any charge to their entitlement.

New section 3313(g), as proposed would offer specialized training and certification programs for veterans with service-connected disabilities. It is unclear if this portion of the bill would authorize an additional benefit under the new chapter 33 or an additional benefit under VA's chapter 31 Vocational Rehabilitation and Employment program for veterans with service-connected disabilities. H.R. 2385 would also provide for the payment of licensing and certification tests without incurrence of any entitlement charges. This change would make the 10-year delimiting date the only factor in determining at what point a claimant could no longer receive such payment.

New section 3321, as proposed, would establish a 10-year delimiting period in which an individual may use his or her benefits. This period would begin on the date of the individual's last discharge or release from active duty. If an individual's entitlement were to expire during the course of a term or a program of study, it would be extended until the end of the term/course or for 12 weeks, whichever is shorter.

New section 3322, as proposed, would specify that individuals receiving educational assistance benefits under chapter 33 may not receive assistance under chapter 30, 31, 32, or 35 of Title 38 U.S.C. or chapter 107, 1606 or 1607 of Title 10 U.S.C. simultaneously. In addition, section 3322(b) would provide that periods of service counted under an educational loan repayment may not be counted as a period of service to establish eligibility for the chapter 33 program.

Individuals could elect to receive educational assistance benefits under chapter 33, if, at the date of this bill's enactment, they have remaining unused entitlement under chapter 30 of Title 38 or under chapters 1606, 1607, or 107 of Title 10 and otherwise meet the requirements or are making progress toward meeting the requirements for entitlement under the proposed chapter 33. Individuals could also receive chapter 33 benefits if they opted out of the chapter 30 program through an election under section 3011(c)(1) or \$3012(d)(1) of Title 38, but are otherwise eligible under chapter 33 eligibility requirements. New section 3324(c)(3)(B), as proposed, would permit individuals enrolled in chap-

New section 3324(c)(3)(B), as proposed, would permit individuals enrolled in chapter 30 to elect chapter 33 for the number of months of entitlement they have remaining. However, there is no provision regarding the manner in which individuals enrolled in the chapter 1606 or chapter 1607 program would elect benefits under chapter 33 or how their remaining entitlement should be applied to chapter 33 usage.

The bill would provide that, if an individual who is eligible under chapter 33 has previously elected to transfer his or her educational benefits to a dependent(s) under the provisions outlined in 38 U.S.C. §3020, he or she may elect to revoke some or all of the remaining entitlement so transferred. If an individual were to revoke his or her transfer of entitlement, the educational assistance would no longer be available to the dependent. In such case, the entitlement would instead be available to the servicemember or veteran for chapter 33 purposes. Any previously transferred entitlement that is not revoked would remain available to the eligible dependent in accordance with current transfer of entitlement provisions under 38 U.S.C. §3020.

Further, the bill would provide that, if an individual elects to participate in the chapter 33 program, he or she may receive the number of unused months of entitlement he or she had under chapter 30. An election to receive benefits under chapter 33 would be irrevocable. In the case of an individual who has made an election, the bill would provide that, effective as of the first month following the election, the obligation of the individual to make contributions under the MGIB-AD or the MGIB-SR program shall cease.

We believe enactment of this bill would impose a tremendous administrative burden on VA, largely because it would make over 2 million veterans and servicemembers immediately eligible to receive the chapter 33 benefits upon the date of its enactment. Further, the entire combined population of current chapter 30, chapter 1606, and chapter 1607 participants would be eligible for the new (more advantageous) chapter 33 benefits and could request an immediate re-adjudication of their present claims. For reasons previously mentioned, which involve requirements for development of regulations or procedures, as well as extensive system changes that could include total development of new computer payment systems, VA would not be capable of effective administration of this benefit for an unacceptably long period of time following enactment. The combined effect would be to severely impact claims processing and cause a huge spike of indefinite duration in current waiting times for receiving education benefits.

Section 3 of H.R. 2385 in subsection (a) would increase the maximum guaranty amount for certain residences of a particular size located in any area for which the median price for such size residence exceeds the dollar amount, to 25 percent of the median price for such a residence in such area.

VA cannot support subsection (a), as drafted, because its intended application is unclear. By its terms, it applies specifically to "certain residences of a particular size located in any area . . ." It provides no further explication of or guidance on how to determine the pertinent size residence or the area of its location. Moreover, as written, the provision could produce conflicting and, presumably, unintended consequences: a maximum guaranty that would, on the one hand, be substantially lower under certain circumstances than under existing law, and on the other, authorize guaranty amounts so large as to be wholly unrelated to the conforming loan limit.

For instance, under existing law, the maximum guaranty for a VA loan is 25% of the Freddie Mac conforming loan limit (currently \$417,000). For 2007, that maximum guaranty dollar amount is \$104,250. Thus, if a veteran were to purchase a four-bedroom home for \$400,000, VA would issue to a lender a guaranty certificate for \$100,000. Under the proposed legislation, however, VA would first have to determine the median price of similarly sized homes in a particular area. If the median price for a four-bedroom home was \$300,000 (exceeding the "dollar amount" of \$104,250), VA only could issue a guaranty for \$75,000, essentially reducing the veteran's purchasing power by \$100,000. In contrast, if a veteran were to purchase a seven-bedroom home for \$4 million, where the median price for a similarly sized home was \$4.24 million, VA would be required to issue a guaranty certificate for \$1.06 million. VA finds both of these outcomes objectionable and, therefore, cannot support this subsection.

VA is unable to estimate the costs of this provision without additional guidance as to its meaning and intended objective.

Subsection (b) of section 3 would repeal the housing loan fee currently prescribed by 38 U.S.C. § 3729. VA strongly opposes this proposed elimination of the loan fee. Loan fees are large-

VA strongly opposes this proposed elimination of the loan fee. Loan fees are largely responsible for the financial viability of VA's housing loan benefits. VA believes that repealing the loan fee will have far-reaching consequences, both in short-term costs and in preparing to accept long-term risk. We also note that, by striking existing section 3703(e), the bill would remove protection for veterans against personal liability for any loss resulting from defaults on their VA-guaranteed loans.

VA estimates the cost of this provision to be \$583 million in the first year and \$4.8 billion over 10 years.

Section 4 of H.R. 2385 would amend the Small Business Act relating to the Microloan Program, under section 7(m) of that Act, to authorize small business loans to veterans in amounts up to \$100,000 at an interest rate of no more than 2.5 percent. Further, VA, acting through its Veterans Health Administration's Vet Centers would provide technical assistance, outreach and counseling to veterans regarding the Microloan Program. Finally, Congress would authorize to be appropriated to VA and the Administrator of the Small Business Administration the sums necessary to carry out this section.

VA has an extensive history of promoting business ownership for veterans. We began establishing goals for our procurement program in 1984. Veterans may use their GI Bill to complete small business courses. We include information about business ownership in the GI pocket guide, referring personnel to both the Small Business Administration and to our own Center for Veterans Enterprise. Additionally, VA is unique in government in that we have special buying authority to contract with veterans and with service-connected disabled veterans in business.

The Small Business Administration (SBA) advises that it strongly opposes the proposed Veterans Microloan program. Currently, Microloans are available up to \$35,000, and the average loan size is \$13,000. Therefore, micro-lending intermediaries have little experience making these larger loans. Also, with an interest rate cap of 2.5%, and no collateral required from borrowers, this would be an expensive program.

We recommend deleting the provision that SBA establish a database of intermediaries. This database already exists. It was established to comply with requirements of Public Law 106–50. VA's Center for Veterans Enterprise manages this database, known as the Assistance Program Pages, on its web portal, www.VetBiz.gov.

We are concerned about the appropriation provision as the Department has not had an opportunity to consider the costs associated with all aspects of this bill. Also, this summer, SBA established the Patriot Express Loan program. Patriot Express provides loans up to \$500,000 to veterans and reservists, with streamlined documentation and expedited processing, and a 75 to 85 percent Federal guarantee. The response to the new program from SBA lenders has been very good, and this program has proven to be beneficial to military personnel and to veterans. SBA believes Patriot Express is a significant step toward improving access to SBA's business loan programs to veterans and reservists, and, therefore, SBA believes the proposed veterans Microloan program is duplicative and unnecessary.

We estimate enactment of H.R. 2385 would result in total benefit costs to VA of \$4.5 billion during the first year and \$68.8 billion over 10 years, for which no offsets have been identified. We currently are unable to estimate the resulting additional administrative costs associated with this bill.

#### H.R. 2702

H.R. 2702, the "Post-9/11 Veterans Educational Assistance Act of 2007," would add a new chapter 33 to Title 38, United States Code, that would, in general, require an individual to serve at least 2 years of active duty, with a least some period of active duty time served beginning on or after September 11, 2001, to be eligible for educational assistance under the new program. It would, for most individuals, link the number of months of educational assistance to the individual's months of service that occurred after September 11, 2001, but, in general, not provide for more than 36 months of benefits, with the educational assistance to cover the established charges of the program of education (subject to certain limitations), room and board (subject to certain limitations), and a monthly stipend of \$1,000.

(subject to certain limitations), and a monthly stipend of \$1,000. Under H.R. 2702, chapter 33 would provide for educational assistance for lessthan-half time education, apprenticeships, on-job training, correspondence courses, and flight training. Chapter 33 also would provide payment for tutorial assistance, not to exceed \$100 per month for a maximum of 12 months, and one licensing or certification test, not to exceed the lesser of \$2,000 or the test fee. Generally, individuals would have 15 years to use their educational entitlement beginning on the date of their last discharge or release from active duty. VA would administer this program with payments of assistance made from funds made available to VA for the payment of readjustment benefits. In general, individuals eligible for benefits under chapter 30 of Title 38, United States Code, or chapters 107, 1606, or 1607 of Title 10, United States Code, could irrevocably elect, instead, to receive educational assistance under chapter 33.

We have serious concerns about certain provisions of H.R. 2702 and, therefore, must oppose it. The complexity of the proposed eligibility requirements, the anticipated high benefit cost (with no apparent offsets), and the anticipated excessive administrative burden associated with this bill are all problematic. As currently written, eligibility criteria for the proposed chapter 33 are far more complex than the current Montgomery GI Bill. Entitlement determinations factoring in length of service and previous benefit usage would also be highly complex and difficult for individuals to understand.

uals to understand. The increased amount of benefits payable at varying levels for different institutions would make administration of this program cumbersome. The requirement that the benefit be paid at the beginning of the term would further complicate administration and would tax existing VA resources. New section 3313(j)(2) of Title 38, United States Code, as proposed under H.R. 2702, would require VA to annually determine which public schools in each state bases the bickert in gate to tritien wate on set the maximum setablished charges for

New section 3313(j)(2) of Title 38, United States Code, as proposed under H.R. 2702, would require VA to annually determine which public schools in each state have the highest in-state tuition rate and set the maximum established charges for each state accordingly. This labor-intensive process would need to be completed annually in sufficient time to prepare for issuance of payments in advance of the term. Further, as written, this bill would be effective on the date of enactment. It would be necessary to prescribe regulations, make systems changes, and make other key adjustments to support the components of this bill. It is also likely that other sections within Title 38, United States Code, may need to be amended to address potential overpayments of the monthly stipend. For the above reasons, it would not be feasible for VA to begin making payments under the proposed chapter 33 benefit immediately.

It also appears that, if enacted, the bill might have some unintended consequences. For example, the stipend of \$1,000 per month would be payable to individuals attending degree and non-degree programs and also to those who are completing internships and on-the-job training programs. This seems inequitable, as it would treat an individual in an apprenticeship program who is earning wages the same as a college student who is incurring expenses. It is also unclear what effect this benefit would have on recruiting and retention. While we defer to the Department of Defense on this point, we acknowledge that this may lead to lower reenlistments.

VA estimates that, if enacted, H.R. 2702 would result in benefit costs of \$5.4 billion during Fiscal Year 2008, \$32.2 billion for fiscal years 2008 through 2012, and \$74.7 billion over the 10-year period from Fiscal Year 2008 through 2017.

Significant administrative costs would also be incurred. As previously noted, proposed new section 3313(j)(2) would require VA, through a labor-intensive process, to annually determine which public schools in each state have the highest in-state tuition rate and set the established charges for each state accordingly. Further, since VA's obligation is to ensure that veterans and servicemembers receive the most advantageous benefit, VA would be obligated to reevaluate all pending claims and award the greater chapter 33 benefits, as appropriate. We are concerned that these new and very complex administrative burdens would significantly impact the current level of service and responsiveness we give to current education program beneficiaries. Based on these factors, we would anticipate substantial administrative costs, but cannot fully estimate them without further research.

#### H.R. 2910

H.R. 2910, the "Veterans Education Tuition Support Act of 2007" or "VETS Act of 2007," would add a new section to Title VII of the Servicemembers Civil Relief Act to require an institution of higher education, whenever a servicemember is called, activated, or ordered to military service and therefore withdraws or takes a leave of absence from such institution, to: (1) refund to the servicemember tuition and other fees paid for the portion of the program of education for which the service-member did not receive academic credit after such withdrawal or leave; and (2) provide the servicemember an opportunity to reenroll at the institution with the same educational and academic status that the servicemember had when ordered to military service.

Further, H.R. 2910 would require a provider of a student loan with respect to such a servicemember: (1) if the servicemember reenrolls in the program of education (or a comparable program) within 13 months following the period of military service, to disregard the entire period that the education was discontinued in determining the date on which student loan repayment is to begin; or (2) if the servicemember does not reenroll, to not require loan repayment to begin before the later of the last day of such 13-month period or the date the repayment was otherwise required to begin. Finally, H.R. 2910 would amend section 207 of the Servicemember's Civil Relief

Finally, H.R. 2910 would amend section 207 of the Servicemember's Civil Relief Act by prohibiting a court from granting a creditor relief from the 6% limit on interest charged against the indebtedness of a servicemember during a period of military service in the case of an obligation or liability incurred by a servicemember who is a student at an institution of higher education at the time of the call to service.

VA appreciates the congressional interest shown in this area. The Department of Education advises this proposal is duplicative of recently enacted laws. The HE-ROES Act (recently made permanent in P.L. 110–93) provides the Secretary of Education waiver authority over return of student aid similar to the waiver mandated in H.R. 2910; in addition, the College Cost Reduction and Access Act signed into law in September provides 13 months of loan deferment for borrowers called to active duty. However, since the proposed new relief would not affect the provision of VA benefits, VA defers to the DoD and the Department of Education concerning this bill.

Madam Chairwoman, this concludes my statement. I would be pleased to respond to any questions you or other Members of the Subcommittee may have.

#### Statement of Hon. Rick Larsen, a Representative in Congress from the State of Washington

Good Afternoon. I want to thank Chairwoman Herseth-Sandlin and Ranking Member Boozman for holding this important hearing. A number of valuable pieces of legislation will be discussed today concerning improvements and modifications to the GI Bill. I am especially pleased that we will be discussing the Montgomery GI Bill for Life Act (H.R. 2247), legislation I have sponsored and I am thankful to have a number of bipartisan cosponsors. I also want to thank Senator Maria Cantwell for her leadership on this issue and her sponsorship of companion legislation in the Senate.

The GI Bill was established in 1944 as a way of giving back to our Nation's veterans who gave so much to our country during World War II. Since it became law, this program has helped millions of veterans afford a two or four-year degree. This historic legislation has improved the lives of many veterans, opening doors and creating opportunities for those who served in the military to serve our country in new ways as civilians. Through the GI Bill, countless veterans have become teachers, scientists and engineers—to name just a few examples—and made countless contributions to communities across the country. For all the benefits of the GI Bill, there are clearly areas which need reform.

For all the benefits of the GI Bill, there are clearly areas which need reform. Under current law, the vast majority of servicemembers contribute to the GI Bill program, but only slightly more than half take advantage of their education benefits before they expire. Current law requires that those who served in active duty must use all of their education benefits within 10 years of being discharged. Those serving in the Selected Reserve have 14 years of eligibility to use their GI Bill benefits.

We live in a 21st Century world that requires a 21st Century workforce. Advances in technology mean that increasing numbers of Americans need more than a high school degree to succeed. Furthermore, estimates show the average annual earnings of someone with a bachelor's degree are anywhere from 74 to 87 percent higher than the earnings of someone with a high school diploma.

Many veterans are not able to go back to school immediately or within the first several years after they leave the service. Many servicemembers must postpone school to support their families, and many face lengthy rehabilitations from servicerelated injuries. Others choose to gain experience in the workforce first and need further education down the road in order to advance their careers. Some veterans may be able to start using their benefits within the timeframe allowed, but are not able to complete their degree within 10 years. When the benefits run out, many can't afford to return to school and are unable to complete their degree.

We must do more to honor our commitment to veterans and help them access the education benefits they have earned. Veterans should not be limited to an arbitrary timeline that prevents them from getting the education and job training they need when they need it. The GI Bill for Life Act would remove these time limitations and allow our Nation's veterans to use their benefits whenever they see fit. They paid into the program and they should be able to use the program at the right time in their lives and their careers.

As more and more veterans come back from Iraq, Afghanistan and other areas of the world, we need to give them the tools they need to succeed in the next stage of their lives. We need to give them every opportunity to transition to civilian life and take advantage of future career opportunities.

I want to thank you again for holding this important hearing and for considering the Montgomery GI Bill for Life Act. I look forward to continuing to work with you and the other Members of the Committee to advance this legislation and help give our Nation's veterans the flexibility they need to be successful.

#### Statement of Hon. Jim Matheson, a Representative in Congress from the State of Utah

Madame Chairwoman. Thank you for allowing me to submit a statement for the record regarding my bill, the Resuming Education after Defense Service Act of 2007 (H.R. 1211). I appreciate the Subcommittee's willingness to hold hearings on pending Montgomery GI Bill legislation.

I have long been an ardent supporter for allowing more flexibility when it comes to providing educational assistance to our Nation's troops. I introduced this bill in response to concerns from soldiers returning from Iraq who learned that despite their lengthy deployment, they were ineligible for the financial assistance.

Our military men and women have made tremendous sacrifices during the war against terror. They've earned our gratitude and our support—particularly when they're trying to resume a normal life following deployment. That's what this legislation helps provide.

My bill extends Title 38 Montgomery GI Bill benefits to Reservists and Guardsmen serving 24+ cumulative months on active duty and is supported by the Enlisted Association of the National Guard (EANGUS) and the Military Officers Association of America (MOAA).

Many National Guardsmen and Reservists have already served 24 months on Active Duty in Iraq and Afghanistan over multiple deployments and a technicality in the law requires service to be continuous, which is simply not possible under current operational cycles. This legislation allows soldiers serving two years on Active Duty over a 5-year period to qualify for the benefit and is retroactive to September 11, 2001.

We continue to rely more and more on the extended service of Reservists. We should keep our promises to them and we should compensate them for that contribution. Madame Chairwoman, thank you for your time.

#### **Statement of Paralyzed Veterans of America**

Chairwoman Herseth Sandlin, Ranking Member Boozman, and Members of the Subcommittee, Paralyzed Veterans of America (PVA), would like to thank you for the opportunity to submit a statement for the record concerning pending legislation that addresses education benefits for today's veterans including changes to the Montgomery GI Bill (MGIB). With so many men and women serving in the Global War on Terror, these benefits will be critical to their readjustment when they leave the service.

#### H.R. 1102, the "Total Force Educational Assistance Enhancement and Integration Act"

PVA supports H.R. 1102, the "Total Force Educational Assistance Enhancement and Integration Act of 2007." This bill recodifies the educational assistance provisions for members of the reserve components from the current Title 10, to Title 38, United States Code. This bill also allows the use of such educational assistance for apprenticeships and on-job training, flight training, licensing and certification tests, and individualized tutorial assistance. This will allow a veteran who does not want to attend a four year college to use the educational assistance for other types of career training. Placing the Guard and Reserve education programs into Title 38 will place the oversight responsibility in the Department of Veterans Affairs allowing Congress to better monitor these programs to ensure that they are serving the veterans.

# H.R. 1211, the "Resuming Education After Defense Service Act"

PVA supports H.R. 1211, the "Resuming Education After Defense Service Act of 2007." This legislation would provide educational assistance under the Montgomery GI Bill for Selected Reserve members who serve on active duty in the Armed Services for a total of two years during a five-year period. This applies to service from the period beginning on September 11, 2001, and ending December 31, 2008.

PVA does not support the requirement in section 2(d)(2) that requires the active duty servicemember to contribute \$100 per month for the first 12 months of service. There should be no cost to the active duty servicemember. The MGIB should be an automatic entitlement for servicemembers.

# H.R. 1214, the "Veterans Survivors Education Enhancement Act"

PVA supports H.R. 1214, the "Veterans Survivors Education Enhancement Act." This bill amends Title 38, United States Code, to expand and enhance the edu-cational assistance for survivors and dependents. The bill expands the age of eligibility for dependents from 26 years of age to 30 years of age. This legislation specifies that payments of educational assistance shall not be charged against the entitlement of an individual because that person is ordered to serve on active duty. Sec-tion 3532 of the bill increases the total amount of educational assistance to \$80,000, and calls for regular increases from time to time.

The bill also increases the range of programs that the educational assistance can be used for. This reflects the fact that various programs to prepare for future employment do not require the standard four years of college.

### H.R. 2247, the "Montgomery GI Bill for Life Act"

Although PVA has no specific objection to this legislation, we have some concern that it could change the underlying meaning of the MGIB. Education benefits, particularly the MGIB, are meant to be a readjustment benefit for servicemembers immediately upon leaving the service or in the interim 10-year period. By eliminating this 10-year period, the benefit would then be opened up to a generation of veterans who may have long since passed the need for readjustment.

The one benefit that we do see to this legislation is it could allow a veteran to make a career change if he or she finds that their current career choice was not the right one. The availability of the MGIB benefit later in life would open many new doors. However, we do not want this change to open up the opportunity for veterans who may have retired from a career already to use the benefit simply to give them something to do. This could certainly occur.

# H.R. 2385, the "21st Century GI Bill of Rights Act"

PVA supports H.R. 2385, the "21st Century GI Bill of Rights Act of 2007." This bill will begin the process of providing for today's and tomorrow's veterans by in-reasing education, housing, and entrepreneurial opportunities. America has an obli-gation to uphold the spirit of the original GI Bill and Congress has a responsibility to enact legislation that will return similar comprehensive benefits to our veterans. This bill will extend eligibility to all servicemembers (active duty, National Guard, and Reserves) who have served since September 11, 2001 and deployed overseas in support of a combat operation. This would include active duty personnel who have served a minimum of two years on active duty since September 11, 2001 and National Guard and Reserve personnel who have served a minimum aggregate of two years on active duty since September 11, 2001. The legislation will pay eight undergraduate college semesters (or 36 months) of tuition, fees, books, room and board, and other educational costs commensurate with

costs paid by non-veterans. This would allow a veteran to attend college without accruing a large amount of debt.

This bill also eliminates payments into the program as part of an enlistment contract as currently required in the Montgomery GI Bill. During previous wars, those serving in the military were exempted from fees for benefits. New recruits in the military begin their service receiving a relatively low rate of pay. They should not be penalized \$100 each month simply because they may be considering attending college in the future.

H.R. 2385 would also exempt veterans from paying loan fees when they receive a loan under the Veterans Affairs Home Loan Guaranty Program. Other types of home loans do not require a loan fee. A loan fee should not be required of a veteran.

### H.R. 2702, the "Post-9/11 Veterans Educational Assistance Act"

PVA supports H.R. 2702, a bill that would enhance the current educational benefits for the men and women who have served on active duty since September 11, 2001. The dollar amount of educational assistance would be equal to the established amount of tuition of an approved institution. This would give the veteran a greater selection of institutions to pursue their education since they would not be restricted to less expensive institutions. An additional amount of funding would be paid for the cost of room and board, and a monthly stipend of \$1,000 would be paid to the student for other expenses. Tutorial assistance would also be available, and would be paid for a period up to 12 months to help the student with difficult courses. This amount would not be taken from the student's entitlement. The bill allows the veteran up to 15 years to take advantage of these benefits. This is an important addition since many returning veterans may not be emotionally ready right away to start school. This educational package offers the veteran many incentives to encourage them to enroll in school or continue with their educational program.

# H.R. 2910, the "Veterans Education Tuition Support Act"

PVA supports H.R. 2910, the "Veterans Education Tuition Support Act of 2007." This bill would benefit members of the Armed Forces who use various forms of financial aid to fund their college education and are called to active duty. Currently, upon returning from active duty the servicemember must start paying back the educational loan after one month. However, transition from military service and service in the combat theater is a difficult challenge. This bill would allow a 13 month transition period for these servicemembers to reenroll before beginning payment on their student loan. It also calls for a six percent interest rate cap on student loans of members of the Armed Forces that are deployed on active duty.

Chairwoman Herseth Sandlin, Ranking Member Boozman, and Members of the Subcommittee, this concludes our statement. PVA would like to thank you again for the opportunity to submit a statement for the record and we would be happy to answer any questions.

#### Statement of Hon. Robert C. "Bobby" Scott, a Representative in Congress from the State of Virginia

Chairwoman Herseth Sandlin, Ranking Member Boozman, and Members of the Subcommittee, I appreciate you holding this important hearing on pending legislation that would affect the Montgomery GI Bill.

There are only a few events in our history that have galvanized all Americans to stand in unison to defend this great Nation. Sixty-six years ago, the attack on Pearl Harbor in 1941 was such a moment for what has been termed the "Greatest Generation." The terrorist attacks of September 11, 2001 constituted such a moment for this generation of Americans. Since World War II, as a part of our recognition and appreciation of the great sac-

Since World War II, as a part of our recognition and appreciation of the great sacrifices of those who put their lives on the line in defense of our Nation, our government has offered educational assistance to our veterans when they returned home. The first GI Bill in 1944 helped veterans readjust to civilian life and afforded them the opportunity to do something that many had missed out on—getting a college education. The post-World War II GI Bill paid for veterans' tuition, books, fees and other training costs, and provided them a monthly stipend. Of the 15 million veterans who returned home from World War II, more than half used the GI Bill's benefits to better themselves through education.

Since then, Congress passed several other GI Bills to grant educational benefits to veterans returning from the Korean war and the Vietnam War. After the Vietnam War, Congress passed two GI Bills that established peacetime educational benefits for members of the Armed Services—most recently the Montgomery GI Bill 1985. Although the Montgomery GI Bill provides educational benefits, it was not designed to meet the needs of our current situation in which several hundred thousand men and women in uniform are fighting full time in Afghanistan and Iraq. Our military operations in Afghanistan and Iraq have strained our all-volunteer military, forcing many of our men and women in uniform into extended tours of duty.

tary, forcing many of our men and women in uniform into extended tours of duty. Last year, I introduced H.R. 2702, the Post-9/11 Veterans Educational Assistance Act. H.R. 2702 is the companion bill to S. 22, introduced by Senator Jim Webb of Virginia. The House version of the Post-9/11 Veterans Educational Assistance Act currently has 88 bipartisan cosponsors, including Veterans' Affairs Committee Chairman Bob Filner.

The Post-9/11 Veterans Educational Assistance Act is designed to expand the educational benefits that our Nation offers to our brave men and women who have served us so honorably since the terrorist attacks of September 11, 2001. The House bill will provide for the entire cost of tuition for a 4-year public university and also provide a \$1,000 monthly stipend. The bill will also extend these benefits to members of the Reserve and National Guard who have been pulled out of college or away from their jobs to serve multiple tours of duty in Afghanistan and Iraq. The current Montgomery GI Bill is an adequate education benefit for peacetime service; however, it is not an adequate education benefit for the hundreds of thousands of men and women in uniform who have served in Afghanistan and Iraq. To receive benefits under the current Montgomery GI Bill, servicemembers are required to pay \$100 a month for the first year of his or her enlistment. This required \$1,200 investment results in only a flat \$800 monthly payment toward college tuition, which barely covers the cost of a college education today. We desperately need to reform the GI Bill to provide a stronger education benefit to our men and women in uniform that accurately reflects the cost of an education.

Everyone on this Subcommittee understands the value of a college education. The men and women who have taken it upon themselves to enlist in our Armed Forces deserve to have access to a quality education with little to no cost. It is the least that we can to do for those who have sacrificed so much for this great Nation. I thank the Subcommittee for holding this hearing and I hope that you will take a close look at the provisions in H.R. 2702. We must pass comprehensive reform to the GI Bill program to truly honor and support those who have served and defended this Nation after the terrorist attacks of September 11, 2001.

Washington State Council of Vietnam Veterans of America Blaine, WA. January 14, 2008

Hon. Stephanie Herseth-Sandlin Hon. John Boozman United State House of Representatives House Committee on Veterans' Affairs Subcommittee on Economic Opportunity 335 Cannon House Office Building Washington, D.C. 20515

Dear Madame Chairman and Mr. Representative:

I wish to respectfully submit the following for the record:

The Washington State Council of the Vietnam Veterans of America fully endorses and supports passage of H.R. 2247 Montgomery GI Bill for Life Act.

Since the end of WWII the GI Bill has played an important part in educating our Nation's veterans. Studies have shown that those receiving a college degree have gone on in life and made more money and paid more taxes then those without degrees. As returning Vietnam Veterans many of us took advantage of the GI Bill. A number of us found it difficult to live on just over \$300 a month and we still had to pay tuition out of that amount. Over the years veterans had to make a decision either to put food on their table to feed their families or attend college. Those veterans with families had no choice but to go to work and leave behind their education opportunities hoping some day they will be able to return to school.

Vietnam Veterans throughout this great Nation ask that you remove the 10-year Time limitation restriction to allow all veterans seeking to fulfill their dreams to do so.

Sincerely,

Jim Pace President

#### CAMPUS KIT FOR COLLEGES AND UNIVERSITIES **Student Veterans of America**

# Compiled by John T. Powers July 1, 2008 www.studentveterans.org

#### STUDENT VETERAN CONCERNS

# **GI Bill**

Chapter 30

**ISSUE:** The active duty GI Bill (Chapter 30) provides only \$9,675 per year to cover tuition, & fees, books, and living expenses. This covers only 60% the average cost of college

CONCERN: Student veterans may be forced to work multiple jobs on top of the GI Bill to pay for school. This is in addition to possible issues readjusting from deployment such as Post Traumatic Stress Disorder and Traumatic Brain Injury.

MORE INFORMATION: https://www.gibill.va.gov

#### **Chapter 31 (Vocational Rehabilitation)**

**ISSUE:** Incoming freshman students are often delayed in enrolling into classes until right before the semester begins. By this time many classes have been filled for weeks

**CONCERN:** To be eligible for this program the student veteran must be at least 20% disabled with an employment handicap or at least 10% disabled with a serious employment handicap. Delays in registering for classes adds stress and scheduling dilemmas for individuals with a employment handicap.

MORE INFORMATION: https://www.vba.va.gov/bln/vre/index.htm

### **Delayed Schedule for Payment of Benefits**

**ISSUE:** Processing for Department of Veterans Affairs educational benefits can take up to eight weeks. Then these benefits are setup on an after the fact or monthly basis.

Colleges & Universities require payment for tuition, fees, books, etc. up front or early in the semester before benefits have been received by the student veteran. **CONCERN:** Many veterans are unable to pay the costs of education up front. Student veterans often incur late fees while they wait to receive benefits to pay tuition

SUGGESTION: Offer deferred tuition payment or no late fees for students waiting on veteran's benefits.

#### **Students Called to Duty**

ISSUE: Student veterans may be called to active duty during a semester.

CONCERN: Preparing for deployment is difficult enough without having to deal with not completing their current classes either by withdrawing or taking an incomplete. Many student veterans report a wide disparity in options between professors, programs, and schools.

**SUGGESTION:** Find your institutions policy for students called to duty. If you do not have one, establish one. Ensure this policy minimizes negative consequences for the student.

# Full-Time Veteran Support Staff

ISSUE: Student veterans often have to navigate multiple departments to utilize the range of benefits and resources available to them. They often are handed from one department or staff member to another until they find what they need or simply give un

CONCERN: Colleges & Universities often do not provide full time staff members to act as the point of contact for veteran's benefits and programs. This leads to frus-tration on the part of student veterans. The institution also losses out by missing resources available to it in order to better service student veterans and not under-

standing how well it serves students who are veterans. SUGGESTION: Establish positions in your institution to be a single point of con-tact for veteran's benefits and programs at your institution. Use this office for staff member to process paperwork and stay on top of the needs and issues of student veterans.

#### Availability of Information

ISSUE: Information specific to veterans is often not easy to find or is organized with bits of information spread through many sources of information.

CONCERN: It can be frustrating to not be able to easily find information specific to your needs as a student veteran. Delays in finding this information, or outdated information can have a negative impact for student veterans.

SUGGESTION: Create online resources specifically for veterans and prominently promote it. Use this website to consolidate veterans information from throughout the institution.

#### PLAN OF ACTION FOR COLLEGES AND UNIVERSITIES

# Step One: Develop a Veterans Support Committee

- Include members from each department of your institution.
- · Find out the number of student veterans and what types of benefits or resources they are using.
- Draft a letter to these students that shows support from the administration and ask for feedback on their needs.

#### Step Two: Support a Student Veterans Organization

- Contact all student veterans about establishing a student veteran's organization.
- Host a "call out" meeting to assist students in standing up the organization.
- Ensure they have access to all resources available to other student organiza-
- Realize that this student organization will have specific needs that other organizations may not have.

### Step Three: Veterans Affairs Work Study Position(s)

- Determine if your institution is eligible for a Department of Veterans Affairs work-study position for a student veteran.
- File for the work-study position.
- Employ the work-study student veteran assisting other student veterans and prospective student veterans. Train the student veteran to carry out these duties. This will increase the credibility of the institution regarding student veterans
- Provide office space and information technology resources as needed.
- LINK: http://www.vba.va.gov/pubs/forms/22-8691.pdf

#### Step Four: Develop Online & Print Resources

- Build a website to consolidate information for student veterans from throughout the institution.
- Create and distribute print brochures with the same information.
- Ensure they have access to all resources available to other student organizations
- EXAMPLE: http://registrar.wisc.edu/students/vets/

# Step Five: Educate Administration, Facility & Staff

- Incorporate educational material on student veterans into routine training programs
- Utilize the presentation "Understanding the Student Veteran.
- Ensure the on campus counseling resources are training to handle student veteran issues and are able to handle them.

# VA WORK STUDY

### Step One: Request to be an Approved Worksite

- A letter from the person who will be the work-study supervisor needs to fax a letter, on official letterhead from the institution, requesting to become a worksite. This letter needs to contain the following information:Who the supervisor is, along with contact information

  - What the supervisor does (brief job description) Number of enrolled veterans at the institution (this will determine how many work study hours that will be allotted to the site).
  - The mission of the veteran office or center. Include qualitative information such as number of veterans served.
  - The anticipated job duties of the student worker.
  - Do not use catch phrases such as "and additional duties as assigned". Include "veteran" in bullet points.
- This letter must be very clear and concise. Keep it to one page. It must be clear the student worker will work directly and only with veterans issues.
  Submit this letter to the VA Work Study Office.

- You will NOT be notified whether or not you are approved. You must contact the VA Work Study Office.
  - After submitting the initial letter, call to verify they received it. Remember the phone hours for the VA Work Study Office is 10am to 2pm.
  - They should be able to give you an anticipated approval date.

## **Step Two: Hiring a Student**

- Once you have selected the student(s) you wish to hire for VA work study, call the VA Work Study Office to have them verify the student(s) qualify. Ensure you know the students Social Security number and which chapter they are using. The student must be actively receiving VA educational benefits. If the student has applied for benefits but not received their first check they will be denied.
- Have the student complete VA Form 22-8691-Application for Work Study Allowance.
- In Part III, Block #9 have then check "no". This will enable them to start you would like them to start (Contract Start XX–XXXX). Contract will be backdated when approved.
- In Part III, Block #12 and #14 they can be very brief.
- In Part III, Block #13, if you are already an approved worksite, which you • should be when filling out this application, put the exact location. The rest of the information (supervisor, contact info, worksite info) should be on the position description you send with it.
- Do NOT include a resume or any academic information.
- Position Description:
  - The student and supervisor names must be clear and on top of the position description. There will be more than one supervisor. Only list one.
  - The position description should be brief-condense part A and B of the description.
  - Once again, they will not notify you if you were approved or not.
  - After you fax this information, call to verify they received it. Ask when they expect it to be approved.

#### Step Three: Timesheets

- Students cannot work more than 25 times the number of weeks in the semester so, if they are working a full term they can only get 25 hours per week.
- Timecards need to be submitted after a student works 50 hours. Depending on
- how many hours per week they work, they may not be paid every two weeks. Do not send a cover sheet—any communications should go in the "remarks" block of the time sheet.

## SUGGESTIONS

# For Administrators

- Survey your student veterans for their needs and concerns.
- Work with student veterans during registration periods to ensure they are able to quickly enroll in classes
- Develop easy to use procedure to notify the institution (all parts of it to include professors, departments, programs, support offices) in the event they are called to duty. Ensure point of contact is promoted and easy to find.
- Add "veterans sensitivity" training in faculty and staff development programs.
- Maintain veterans Committee to host dialog between student veterans and others.
- Host events on campus to make sure veterans feel welcome on campus.
- Consider establishing a foundation account to assist student veterans with tuition, book, and other fees.
- Keep in mind that Department of Veterans Affairs benefits and programs do not cover all the needs of student veterans. Consider developing your own scholarships, programs and other student veteran's specific resources.
- · Evaluate the admissions process to ensure veterans are not disadvantaged. Students transitioning out of active service face a host of admissions difficulties.
- Veterans have dramatically different life experiences, especially younger veterans. Do not treat them the same as you do student straight out of high school or other first time students.
- · Develop veteran specific orientation. Partner with local veterans organizations and military units for presentations and assistance.

#### For Faculty

- Include veterans information on the syllabus
- Student veterans may not feel comfortable publicizing their veteran status. This is especially true for some topics. If your course covers war topics establish an atmosphere where they feel comfortable. Be understanding of veterans' different viewpoint on topics.
- Be flexible with attendance for student veterans who have appointments with Veterans Affairs. Rescheduling these appointments is often not possible or results in a long delay.
- Be aware of military spouses and family members with individuals deployed. This is a very difficult period for them as well.

# Sample Letter to Student Veterans

Dear Student,

We are contacting you in an effort to reach out to students that have been identified as military veterans. On behalf of the INSTITUTION community, thank you for your service to our

country. You have undoubtedly made sacrifices and faced hardships unknown to most other students. You have experiences few of use will ever understand.

INSTITUTION would like to assist you in your transition to academic life. We have many departments and individuals who are available to help veterans adjust to civilian and campus life. In particular are the programs below.

- Counseling Service provides XYZ services. It is located at \_\_\_\_\_ and can be contacted at 555-555-5555.
- Disability Services provides XYZ services. It is located at and can be contacted at 555-555-5555.
- Veterans Support office provides XYZ services. It is located at \_\_\_\_\_ and can be contacted at 555-555-5555.

In addition to on campus resources, please be aware of the many resources avail-able to you. MilitaryOneSource (www.militaryonesource.com) is a very comprehen-sive source of information. Student Veterans of America (www.studentveterans.org)

is an umbrella group of student organizations and can provide assistance as well. We would appreciate if you would complete the questions enclosed and return it to \_\_\_\_\_\_ Doing so will allow us to better understand your needs and assist you in succeeding in your academic life.

Sincerely,

#### Name INSTITUTION

Service Branch:

Interested in meeting other veterans: [yes] [no]

How can we assist you in your transition to academic life? Would you like to schedule a meeting with supportive faculty & staff? [yes] [no] Do you have family members or close friends that would like information or sup-port? [yes] [no] Would you prefer to NOT be contacted regarding your veteran status? [yes] [no]

Phone: Name: Email:

# **QUICK LINKS & RESOURCES**

# VA & DoD Hotlines

VA Education Office 1-888-442-4551 VA Healthcare Office 1–877–222–8387 VA Benefits 1–800–827–1000 VA Benefits 1-000-27-1000 WAVE (Verify Your Attendance) 1-877-823-2378 VA Gulf War Help Line 1-800-273-8387 DoD Direct Veterans Hotline 1-800-497-6261 Suicide Hotline 1-800-273-8255

### VA Websites

GI Bill http://www.gibill.va.gov Apply for GI Bill Benefits http://vba.va.gov/pubs/forms/VBA-22 1990.pdf GI Bill WAVE https://www.gibill.va.gov/wave/ Veterans Online Application (VONAPP) http://vabenefits.vba.va.gov/vonapp/ main.asp VA Hiring-Student Programs http://www.va.gov/JOBS/hiring programs.asp#5 VA Medical Centers http://www1.va.gov/directory/guide/home\_asp VA Compensation & Pension http://www.vba.va.gov/bln/21/

#### **Other Useful Government Websites**

Defense Activity for Non-Traditional Education Support (DANTES) http:// www.dantes.doded.mil/Dantes\_web/DANTESHOME.asp Army/American Council on Education Registry Transcript System (AARTS) https://

aartstranscript.army.mil Community College of the Air Force Request Forms http://www.maxwell.af.mil/au/

ccaf/transcripts.asp

Coast Guard Military Transcripts http://www.uscg.mil/hq/cgi/offical\_transcript.asp Sailor/Marine American Council on Education Registry Transcript (SMART) http:// www.navycollege.navy.mil/transcript.html National Center for PTSD http://ncptsd.va.gov

#### Veteran Service Organizations

Student Veterans of America http://www.studentveterans.org The American Legion http://legion.org 1–800–433–3318 Veterans of Foreign Wars http://www.vfw.org 1–800–VFW-1899 Disabled American Veterans http://www.tw.org 1--807-426-2838 Paralyzed Veterans of America http://www.pav.org 1--800-424-8200 AMVETS http://www.amvets.org 1--877-726-8387 Vietnam Veterans of America http://www.vva.org 1--800-882-1316

### Servicemember Opportunity Colleges (SOC)

SOC Consortium member institutions provide flexibility to servicemembers, their families, and veterans seeking college degrees. In turn SOC colleges and universities benefit from the enrollment of mature, highly motivated adult students who make use of tuition assistance or the GI Bill. http://www.soc.aascu.org

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