

THE EVOLUTION OF STATE APPROVING AGENCIES

HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

OF THE

COMMITTEE ON VETERANS' AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

—————
JULY 16, 2009
—————

Serial No. 111-35

Printed for the use of the Committee on Veterans' Affairs



U.S. GOVERNMENT PRINTING OFFICE

51-874

WASHINGTON : 2010

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON VETERANS' AFFAIRS

BOB FILNER, California, *Chairman*

CORRINE BROWN, Florida	STEVE BUYER, Indiana, <i>Ranking</i>
VIC SNYDER, Arkansas	CLIFF STEARNS, Florida
MICHAEL H. MICHAUD, Maine	JERRY MORAN, Kansas
STEPHANIE HERSETH SANDLIN, South Dakota	HENRY E. BROWN, JR., South Carolina
HARRY E. MITCHELL, Arizona	JEFF MILLER, Florida
JOHN J. HALL, New York	JOHN BOOZMAN, Arkansas
DEBORAH L. HALVORSON, Illinois	BRIAN P. BILBRAY, California
THOMAS S.P. PERRIELLO, Virginia	DOUG LAMBORN, Colorado
HARRY TEAGUE, New Mexico	GUS M. BILIRAKIS, Florida
CIRO D. RODRIGUEZ, Texas	VERN BUCHANAN, Florida
JOE DONNELLY, Indiana	DAVID P. ROE, Tennessee
JERRY McNERNEY, California	
ZACHARY T. SPACE, Ohio	
TIMOTHY J. WALZ, Minnesota	
JOHN H. ADLER, New Jersey	
ANN KIRKPATRICK, Arizona	
GLENN C. NYE, Virginia	

Malcom A. Shorter, *Staff Director*

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

STEPHANIE HERSETH SANDLIN, South Dakota, *Chairwoman*

THOMAS S.P. PERRIELLO, Virginia	JOHN BOOZMAN, Arkansas, <i>Ranking</i>
JOHN H. ADLER, New Jersey	JERRY MORAN, Kansas
ANN KIRKPATRICK, Arizona	GUS M. BILIRAKIS, Florida
HARRY TEAGUE, New Mexico	

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

CONTENTS

July 16, 2009

	Page	
The Evolution of State Approving Agencies	1	
OPENING STATEMENTS		
Chairwoman Stephanie Herseth Sandlin	1	
Prepared statement of Chairwoman Herseth Sandlin	26	
Hon. John Boozman, Ranking Republican Member	2	
Prepared statement of Congressman Boozman	26	
WITNESSES		
U.S. Department of Veterans Affairs, Keith M. Wilson, Director, Office of Education Service, Veterans Benefits Administration	17	
Prepared statement of Mr. Wilson	44	
American Legion, Mark Walker, Deputy Director, National Economic Com- mission		5
Prepared statement of Mr. Walker	28	
American Veterans (AMVETS), Raymond C. Kelley, National Legislative Di- rector	6	
Prepared statement of Mr. Kelley	30	
Bishop, Hon. Timothy H., a Representative in Congress from the State of New York	3	
Prepared statement of Congressman Bishop	27	
Iraq and Afghanistan Veterans of America, Patrick Campbell, Chief Legisla- tive Counsel	8	
Prepared statement of Mr. Campbell	31	
National Association of State Approving Agencies, Charles Rowe, President ...	16	
Prepared statement of Mr. Rowe	36	
Veterans of Foreign Wars of the United States, Justin Brown, Legislative Associate, National Legislative Service	9	
Prepared statement of Mr. Brown	34	
SUBMISSION FOR THE RECORD		
Servicemembers Opportunity Colleges, Washington, DC, Kathryn M. Snead, Ed.D., President, statement	46	
MATERIAL SUBMITTED FOR THE RECORD		
Post-Hearing Questions and Responses for the Record:		
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Eco- nomic Opportunity, Committee on Veterans' Affairs, to Hon. Timothy H. Bishop, U.S. House of Representatives, letter dated July 20, 2009, and Congressman Bishop's responses	48	
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Eco- nomic Opportunity, Committee on Veterans' Affairs, to Mark Walker, Deputy Director, National Economic Commission, American Legion, letter dated July 20, 2009, and response letter dated August 31, 2009 ...	49	
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Eco- nomic Opportunity, Committee on Veterans' Affairs, to Raymond C. Kelley, National Legislative Director, AMVETS, letter dated July 20, 2009, and Mr. Kelley's responses	50	

	Page
Post-Hearing Questions and Responses for the Record—Continued	
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity, Committee on Veterans' Affairs, to Patrick Campbell, Chief Legislative Counsel, Iraq and Afghanistan Veterans of America, letter dated July 20, 2009, and Mr. Campbell's responses	52
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity, Committee on Veterans' Affairs, to Justin Brown, Legislative Associate, National Legislative Service, Veterans of Foreign Wars of the United States, letter dated July 20, 2009, and Mr. Brown's responses, dated September 1, 2009	53
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity, Committee on Veterans' Affairs, to Charles Rowe, President, National Association of State Approving Agencies, letter dated July 20, 2009, and response from William D. Stephens, President, National Association of State Approving Agencies, letter dated August 28, 2009	55
Hon. Stephanie Herseth Sandlin, Chairwoman, Subcommittee on Economic Opportunity, Committee on Veterans' Affairs, to Keith M. Wilson, Director, Office of Education Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs, letter dated July 20, 2009, and VA responses	60

THE EVOLUTION OF STATE APPROVING AGENCIES

THURSDAY, JULY 16, 2009

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

The Subcommittee met, pursuant to notice, at 1:25 p.m., in Room 340, Cannon House Office Building, Hon. Stephanie Herseth Sandlin [chairwoman of the Subcommittee] presiding.

Present: Representatives Herseth Sandlin, Adler, Teague, and Boozman.

OPENING STATEMENT OF CHAIRWOMAN HERSETH SANDLIN

Ms. HERSETH SANDLIN. Good afternoon, ladies and gentlemen.

The Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, hearing on State Approving Agencies (SAA) will come to order.

Before I begin with my opening statement, I would like to state that Dr. Kathryn Snead, President of the Servicemembers Opportunity Colleges has asked to submit a written statement for the hearing record. I ask unanimous consent that Dr. Snead's statement be entered for the record.

Hearing no objection, so entered.

[The prepared statement of Dr. Snead appears on p. 46.]

I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and that written statements be made a part of the record.

Hearing no objections, so ordered.

My colleagues may recall that we conducted a hearing in April 2007 on the subject of State Approving Agencies. In that hearing, we sought to determine how the U.S. Department of Veterans Affairs (VA) was following up on a 2007 U.S. Government Accountability Office (GAO) report entitled, "Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Programs," to ensure Federal resources are not duplicated and provide the VA with stronger oversight authority over SAAs.

Today's hearing provides the Subcommittee the opportunity to follow up on the hearing and will provide the VA the opportunity to highlight its progress from 2 years ago; provide us the opportunity to learn what more can be done to ensure SAAs are making the best use of its limited resources; and help us determine if Con-

gressional action is required to ensure our veterans are enrolled in educational programs where they can meet their educational goals.

As many of our panel members know, the authority of SAAs was established by Congress in 1947 to ensure that veterans and eligible dependents can use the GI Bill educational entitlement in an approved educational program. Under contract with the VA, the key function of SAAs is to ensure that education and training programs meet VA standards through a range of approval entities and activities. In addition to these responsibilities, the SAAs' role has grown from what was first provided in title 38, chapter 36, which will be discussed in today's hearing.

In the last Congress, under the leadership of Chairman Bob Filner, we successfully provided a permanent yearly funding increase at \$19 million. Today, we will hear from representatives of the SAA who are seeking additional resources to help them meet their obligations to our veterans and the VA.

I look forward to hearing from all the panelists to see what additional resources may be warranted or, in the alternative, if SAAs can be streamlined to use their limited resources more effectively.

I now recognize our distinguished Ranking Member, Congressman John Boozman, for any opening remarks he may have.

[The prepared statement of Chairwoman Herseth Sandlin appears on p. 26.]

OPENING STATEMENT OF HON. JOHN BOOZMAN

Mr. BOOZMAN. Thank you, Madam Chair.

The State Approving Agencies are VA's frontline partners in ensuring veterans receive quality education and training. Without the State Approving Agencies, additional VA staff would be needed to provide many of the functions now done by the SAAs.

Today's higher education system is vastly different from that of the 1940s. For example, there is now more oversight by States and national accrediting agencies on all schools. There are now more schools, many of which have multiple campuses; more training programs, which also have several campuses; and more options, such as distance learning, to access these programs.

Online education is experiencing rapid growth, and some fully accredited institutions have a majority of their students participating through online courses. And many schools now offer blended attendance, featuring a mix of classroom and online courses.

Education and training has also experienced significant cost growth from the period of the first GI Bill. Using normal inflation rates, the \$500 paid to schools and the \$50 per month living stipend to cover all costs under the World War II GI Bill would now be \$10,418. However, according to the College Board, the average tuition and fees at public institutions now is about \$18,500.

Last year, PL 110-389, Congress required VA to ensure that VA and SAAs were coordinating their functions with other agencies, such as the U.S. Department of Education (DOE), as a means to ensure that we are not having any duplication. Title 38 also lists the statutory duties of the SAAs.

The question is whether, given all the changes in education, we need to refocus the effort of the SAAs. It would seem to me that the public university system, or what we refer to as recognized

leading national universities, such as those listed by Newsweek and other publications, need little additional oversight. Courses or degrees offered by those schools should be accepted as meeting VA standards.

With the increased level of benefits under the Post-9/11 GI Bill and proliferation of nondegree and on-the-job training (OJT) apprenticeship programs, additional oversight of those programs would seem appropriate. I would also note that title 38 allows States to add approval requirements.

I suspect if we had a checklist from each SAA, we would find that, beyond the statutory requirements, significant variation in what they look for.

Madam Chair, the SAAs will again begin pressing for additional funding beyond the \$19 million currently authorized, and again, we look forward to hearing testimony in that regard today.

We should decide what the SAAs should be, and VA should be a part of that process. Once we have done that, then we should pay them for that work.

And with that, I yield back the balance of my time.

[The prepared statement of Congressman Boozman appears on p. 26.]

Ms. HERSETH SANDLIN. I thank the Ranking Member and I agree with his statements.

I now want to welcome our colleague, the distinguished gentleman from New York, for testifying before the Subcommittee today.

Representative Timothy Bishop joins us to offer a very unique perspective from his life before Congress that will guide on us the work that we undertake today and as we evaluate what responsibilities the State Approving Agencies have had in the past, what they currently have, based on his experience in higher education.

Thank you very much, Mr. Bishop, for joining us. You are now recognized.

STATEMENT OF HON. TIMOTHY H. BISHOP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. BISHOP. Madam Chair, thank you very much for the opportunity to be with you and with Ranking Member Boozman and Mr. Teague.

I appreciate the opportunity to appear before you today to express my strong support for the State Approving Agencies and the crucial role they play in supporting our veterans.

As the Chairwoman suggested, before I came to the Congress, I was a college administrator for 29 years at Southampton College, including for the last 16 years, I was chief executive of that campus. And thus I have a great deal of firsthand experience in working with the SAAs.

Representatives from the New York SAA would visit the campus annually to assess the quality of Southampton's programs and ensure that our veteran students were taking full advantage of the academic and extracurricular activities we offered.

Southampton College was a fully accredited institution of higher education, but it was very helpful for us to have an external qual-

ity assessment each year, and that is precisely what the SAAs provided.

Throughout my career in academia, the SAAs made administering the GI Bill benefits easier for Southampton as an institution and helped us to better serve our dedicated veteran students.

Today as a Member of Congress, I have a new appreciation for their diligence in ensuring that taxpayer dollars are supporting only bona fide academic programs and that veterans are receiving the top quality education they have earned.

I was proud to vote for the Post-9/11 GI Bill and see it signed into law as the most significant veterans benefit in American history. The unprecedented scope of this program has required a dramatic increase in activity at all agencies responsible for administering the GI Bills, including the SAAs.

However, the Federal commitment to the SAAs has not been enhanced to meet the increasing demands of this new mission which include: performing outreach activities to increase the utilization of the GI Bills; providing advice and guidance to veterans, Guard, Reservists and other GI Bill recipients as well as educators, trainers and others who counsel veterans; training VA school certifying officials at all educational institutions and job training establishments; and, assisting the Federal Government in eliminating waste, fraud and abuse.

Other witnesses on the panel today will be able to detail more specifically how the recent freeze in funding has affected the SAAs. However, I believe it is clear that they have been asked to do too much for too many with too little. Furthermore the need for enhanced funding is particularly critical as the 21st century GI Bill begins paying benefits this fall. Having created this landmark program, Congress must make adequate provision to ensure it benefits our veterans as it was intended.

I am gratified that the U.S. Department of Veterans Affairs shares my strong support for the SAAs and views them as a valued partner that deserves additional support.

Once again, Madam Chairwoman, I appreciate the opportunity to testify before the Subcommittee today. Like our Nation's veterans, the SAAs deserve the highest level of support from Congress, and I hope to have the opportunity to vote for an appropriate increase in funding for the SAAs this session.

Thank you very much. I appreciate the opportunity.

[The prepared statement of Congressman Bishop appears on p. 27.]

Ms. HERSETH SANDLIN. Thank you.

Mr. BOOZMAN.

Mr. BOOZMAN. I just want to thank you for coming.

I don't have any questions, but I do look forward to visiting with you as we hear testimony. You really do have a very unique perspective, and we want to take advantage of that.

Mr. BISHOP. I would welcome that opportunity. And I look forward to that. Thank you.

Mr. BOOZMAN. Thank you for taking the time to come.

Mr. BISHOP. My pleasure.

Ms. HERSETH SANDLIN. Mr. Teague.

Mr. TEAGUE. No, just thank you for being here, Congressman, and I appreciate your interest and your expertise. Thank you.

Mr. BISHOP. Thank you.

Ms. HERSETH SANDLIN. We thank you for taking time out of your schedule. We know that you have a markup to get to. We look forward to working with you on this matter and continuing to share information that will assist us in doing right by the State Approving Agencies.

Mr. BISHOP. Thank you and thank you for your leadership on veterans issues.

Thank you very much.

Ms. HERSETH SANDLIN. Thank you very much.

We now invite panel two to the witness table.

Joining us on our second panel is Mr. Mark Walker, Deputy Director of the National Economic Commission for the American Legion; Mr. Raymond Kelley, National Legislative Director for AMVETS; Mr. Patrick Campbell, Chief Legislative Counsel for the Iraq and Afghanistan Veterans of America (IAVA); and Mr. Justin Brown, Legislative Associate of the National Legislative Service for the Veterans of Foreign Wars (VFW) of the United States.

Welcome to all of you.

Mr. Walker, we will begin with you.

You are now recognized for 5 minutes. As all of you know, your written statements will be made a part of the hearing record. Keep your remarks to 5 minutes so that we have plenty of time for Members' questions.

Thank you. Mr. Walker.

STATEMENTS OF MARK WALKER, DEPUTY DIRECTOR, NATIONAL ECONOMIC COMMISSION, AMERICAN LEGION; RAYMOND C. KELLEY, NATIONAL LEGISLATIVE DIRECTOR, AMERICAN VETERANS (AMVETS); PATRICK CAMPBELL, CHIEF LEGISLATIVE COUNSEL, IRAQ AND AFGHANISTAN VETERANS OF AMERICA; AND JUSTIN BROWN, LEGISLATIVE ASSOCIATE, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

STATEMENT OF MARK WALKER

Mr. WALKER. Thank you. Madam Chairwoman, Ranking Member Boozman, distinguished Members of the Subcommittee, thank you for the opportunity to submit the views of the American Legion regarding the evolution of State Approving Agencies.

State Approving Agencies are responsible for approving and supervising programs of education for the training of veterans, eligible dependents, and eligible members of the National Guard and Reserves.

State Approving Agencies grew out of the original GI Bill of Rights that became law in 1944. Though State Approving Agencies have their foundation in Federal law, State Approving Agencies operate as part of State government. Effective March 1, 2001, State Approving Agencies assumed responsibility for approving organizations offering tests required to secure, local, State, Federal, or industry based licenses or certifications.

State Approving Agencies have not had an increase in funding in the last 4 years. However, VA was allowed to conduct substantial hiring to process new claims. By contrast, State Approving Agencies haven't been in a position to hire even though the Post-9/11 GI Bill workload has ballooned for these agencies as well. In order to carry out its expanded missions in light of the Post-9/11 GI Bill, State Approving Agencies require an additional \$5 million per year for the next 3 years.

The Post-9/11 GI Bill has dramatically changed the work requirement for State Approving Agencies. Adequate funding will provide additional staff and other resources for State Approving Agencies to fulfill its mission. The benefit stream flows through State Approving Agencies as well as the VA and without a fully functioning State Approving Agency, veterans and other benefit recipients will not receive their education benefits in a smooth, orderly and timely manner.

In a GAO report in March 2007, entitled "VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies," focused on the need to ensure that Federal dollars are spent effectively and efficiently.

GAO recommended that VA should require State Approving Agencies to track and report data on resources spent on approval activities, such as site visits, catalog review and outreach, in a cost-efficient manner. Additionally, GAO recommended assessing the effectiveness of the State Approving Agencies' efforts. Finally, GAO recommended that VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process. The American Legion fully agrees with these GAO recommendations.

The American Legion strongly supports State Approving agencies and is committed to working with them along with the VA and other Federal agencies to ensure that America's veterans receive the finest education and training programs so they can live a dignified and successful life after serving this great Nation. Again, thank you for the opportunity to submit the opinion of the American Legion on this issue.

[The prepared statement of Mr. Walker appears on p. 28.]

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

Mr. Kelley, you are recognized for 5 minutes.

STATEMENT OF RAYMOND C. KELLEY

Mr. KELLEY. Madam Chairwoman, Ranking Member Boozman, thank you for the opportunity to appear before you today to provide AMVETS's views on State Approving Agencies. In March 2007, the GAO reported on State Approving Agencies and made three major recommendations.

First, VA should require SAA to track and report data on resources spent on approval activities; second, VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process; and finally, VA should establish outcome-oriented performance measures to assess the effectiveness of SAAs.

VA concurred with the findings and promised to find solutions to these issues in fiscal year 2008. However, AMVETS has been unable to find any indication that VA has made efforts to correct these deficiencies in the 2008 budget cycle or any subsequent year. As early as 1988, GAO reported on this issue of agency overlap of program approval. AMVETS believes there is added value to SAAs approval training and oversight role, but without accountability of time and resources and tangible outcome measures, the effectiveness and efficiency of SAAs will never be known.

First, AMVETS questions the amount of time that is invested on program approval and review. The most recent review of SAAs' time allocation the AMVETS could find is from 1988. This data found that nearly 36 percent of SAA's time was spent approving and reviewing programs. This is disturbing to AMVETS in light of the fact that the majority of the programs have already been approved by other government agencies.

AMVETS understands the unique role of SAA has in ensuring veterans programs are approved, but with that said, nearly 80 percent of the all programs approved by the Department of Education are also approved by SAA. And by law, all apprenticeships must meet Labor Department standards before they can be accepted by VA. So even though there are unique factors that SAA looks at to determine eligible programs, there is an inherent redundancy in the approval process between SAA and other approving agencies.

Nearly 2½ years have passed since VA stated they would initiate contact with the appropriate officials in the Departments of Education and Labor to identify any duplicative efforts, with no indication of changing their policy to reduce the duplication.

Second, VA has also boasted that they diligently track SAA's activities. The issue AMVETS has with this tracking process is that SAA only tracks activities or outputs and not the given results or improvements—outcomes of these activities. Reporting how many site visits SAA has made, or the amount of training that was provided, only accounts for hours worked and not the actual results the visits and training had in improving the services to veterans. To truly understand the efficiency and effectiveness of a program, SAA must track the outcome measures of the work they conduct.

It is also important to track the efficiency and effectiveness of a program when there are no internal controls over the financial assets. VA provides SAA with \$19 million a year with no expectation that SAA report back on the use of these funds. The only mechanism that is in place to monitor the productivity of SAA is the self-evaluation and review, called the Joint Peer Review Group. This group meets annually to review each of SAA's self-assessed performances. AMVETS questions the sincerity of these reviews, not based on the fact that it is self-assessment reviewed by its peers, but by the fact that these reviews not accessible to the public.

SAA lacks two key components in determining efficiency and effectiveness of a program: accountability of resources and data that shows services improved because of the program.

In conclusion, AMVETS believes that SAA does provide value to veterans, but until there is oversight and accountability mechanisms in place, the degree of the value cannot be determined. It is for this reason that AMVETS recommends, first, that SAA begin

reporting back to the VA their use of funds; second, that there be a real effort to identify program approval overlaps that take place and implement a plan on how SAA will eliminate the overlaps; and SAA will develop outcome measures for their site visits and training programs to report them to VA and the public and an annual joint peer review group report be presented to VA and the public.

That concludes my testimony, and I would be happy to take any questions you have at this time.

[The prepared statement of Mr. Kelley appears on p. 30.]

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

Mr. Campbell, welcome back to the Subcommittee. You are recognized.

STATEMENT OF PATRICK CAMPBELL

Mr. CAMPBELL. Madam Chair, Ranking Member, Congressman Teague, thank you for the opportunity to come back and testify in front of you. I will be honest, when I got the invitation about coming to testify about State Approving Agencies, I didn't know very much. And this was I think a very good research project for all four of us here, trying to find out, what exactly do State Approving Agencies do.

The topic of this hearing is the evolution of the State Approving Agencies. That implies looking at where we were, where we are, and deciding where we want to go. And I went back and ironically read the World War II GI Bill, which I did not know was only 4 pages long. And section four of the World War II GI Bill basically said, the State Approving Agencies were created just to create a list of approved programs. This was an advisory purpose. They would send that list up to the VA Administrator and say, here are some programs that veterans should be able to use the GI Bill at.

Over the last 60 years, we have evolved a great deal from that, from not only just being an advisory role to actually approving over 27,000 approved VA programs, about 6,000 colleges or degree-granting institution. Having done some research on the VA Web site, there are 27,000 approved programs that State Approving Agencies have to monitor every year. That is not a number I found. That is a number I had to steal from the VA Web site. Overall that was pretty number is impressive to me.

Last year 8,700 schools had GI Bill users attend their schools. So we are talking about the breadth of what State Approving Agencies have to do. I am impressed. Now, because there are no performance measures, who knows how well they are actually evaluating those schools.

So it started off solely as an advisory role. After World War II, there was a report done by a Congressman Teague in the 1950s, that said World War II and Korean GI Bill had a major flaw because it paid tuition and fees directly to the school with very little oversight. That became a problem for the proprietary schools because there was not clear criteria for approving these programs. And they also found that there was some fraud, waste, and abuse.

They cracked down on those programs by laying out the very rules that you see on page 2 of my testimony, saying these are the rules that any program that a GI Bill user will use must follow in order to be approved by the GI Bill program. So you have an advi-

sory role. Then they had an approval role. Later they got added national test approval.

What is the future of the State Approving Agencies? IAVA advocated very strongly on behalf of getting the new GI Bill to start paying tuition and fees back directly to the schools. That means the role of these State Approving Agencies could not be any more important in enforcing those approvals because they are the frontline defense against fraud, waste, and abuse for a program that costs billions of dollars every year.

The Congressional Budget Office scored the Post-9/11 GI Bill at something like \$62 billion over the next 10 years, and we are spending about \$19 million a year making sure that that money is being directed to programs that are actually producing educational goals.

This becomes an even bigger issue when you look at the VA's interpretation of tuition and fees. The VA has pretty much created a vacuum for schools to operate however they want. This is not a knock on the VA, but right now, the tuition and fees part of the Post-9/11 GI Bill is based on self-reporting. You get tuition based on whatever you claim is tuition. You get fees based on what you claim is fees. You get tuition and fees based on how many credits you deem are credits or how many terms you deem you have. There is a lot of wiggle room there, meaning that if you decided you didn't want to charge tuition anymore but you wanted to start charging fees in a State like Colorado, you could get \$47,000 in one term but only be enrolled in one credit just by changing the name of what you call the education benefit.

Now \$19 million is not a lot of money when you start comparing how much money they could be saving as soon as the VA decides what these criteria should be for. What is a credit? What is a term? What are fees? What is tuition?

What is the evolution of the State Approving Agency? Advisory to approval, and next, they are going to have to be the enforcement agency. They are going to have to go after these schools that are operating in this vacuum right now and lay down very clear standards for how the Post-9/11 GI Bill should be implemented.

Thank you very much.

[The prepared statement of Mr. Campbell appears on p. 31.]

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

Mr. Brown, you are recognized for 5 minutes.

STATEMENT OF JUSTIN BROWN

Mr. BROWN. Thank you, Chairwoman.

Madam Chairwoman and Members of this Subcommittee, on behalf of the 2.2 million members of the Veterans of Foreign Wars and our auxiliaries, I would like to thank this Committee for this opportunity to testify.

The issues under consideration today are of great importance to our members and the entire veteran population.

State Approving Agencies were created following the passage of the Servicemen's Readjustment Act 1944 to help administer the benefit well; assisting the Federal Government in preventing waste, fraud, and abuse; maintaining a high-quality learning expe-

rience for veterans utilizing Federal benefits; and assisting veterans transitioning from the military into the civilian sector.

The mission of the State Approving Agencies has changed relatively little until recently. However, multiple recent legislative changes have increased and broadened their scope and mission. The most notable include the passage of the Post-9/11 GI Bill, and in 2001, State Approving Agencies were given the role of actively promoting the development of apprenticeships, on-job training programs, and the approval of tests used for licensing and certification.

The legislative action in 2001 was followed with a funding increase in fiscal year 2003 from \$13 million with a graduated increase to \$19 million by fiscal year 2006, their current level of funding. In consideration of inflation, State Approving Agencies' funding levels have continually eroded since their last increase in fiscal year 2006. While Veterans Affairs have been amply funded and allowed time to prepare for the Post-9/11 GI Bill, State Approving Agencies are operating at the same level of funding for their fourth year.

Without a similar increase in resources, certain responsibilities will be neglected, thereby decreasing the program's overall quality for veterans and reducing the insurance of a quality investment for our Federal Government. For the GI Bill to remain the first rate program it is today, State Approving Agencies must have the necessary funding to maintain their critical mission.

The VFW believes that it is especially important to emphasize the increased potential for waste, fraud, and abuse of this benefit. The changes in the rate-of-pursuit schedule and the yellow ribbon program leave the possibility of large overpayments or underpayments to veterans attending school.

Moreover, the National Association of State Approving Agencies has singled this issue out as perhaps its most manpower-intensive mission considering the changes due to the Post-9/11 GI Bill.

If left unattended, overpayments not corrected for a long period of time could prove devastating to veterans at no fault of their own. Overpayments are typically drawn from future payments to veterans and may leave them with less than adequate funding to maintain their livelihood. Veterans depend on the benefits process to get it right the first time and State Approving Agencies play a crucial role in the process.

The VFW hopes to see a vigilant staff at both the State and Federal levels with adequate resources working to ensure a smooth, seamless administration of the Post-9/11 GI Bill, with little or no effect on the quality of other programs and missions.

There is no question that the Post-9/11 GI Bill is a complex benefit. Moreover, within the next few years, it is likely that there will be legislative changes to the Post-9/11 GI Bill that will require additional outreach and training. State Approving Agencies are behind the curve in funding, have an expanded mission, and are losing time to train and implement resources that come with an increase in funding.

In conclusion, the VFW strongly supports the National Association of State Approving Agencies' request for an additional \$5 million per year for a total of \$24 million per a fiscal year. The VFW

believes this would prove sufficient for the State Approving Agencies' newly expanded workload. The VFW also requests any increase be tied to a cost-of-living index to reduce the gradual deterioration of the benefit.

Madam Chairwoman, this concludes my testimony. I am happy to answer any questions you or the Members of this Subcommittee may have. Thank you.

[The prepared statement of Mr. Brown appears on p. 34.]

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

My first question will go to each of the witnesses on this panel. Since the Department of Education and the Department of Labor already approve a big portion of the programs, then to avoid work duplication, should the State Approving Agencies be limited to approving programs not approved by the Federal agencies?

Mr. Walker.

Mr. WALKER. We would view that the SAAs should still be involved with this process. I think school officials as well as veterans kind of understand their role, and I think it would still be beneficial for SAA along with their expertise to be able to handle that as well.

Ms. HERSETH SANDLIN. Can you elaborate? Is there something that the SAAs can do in approving a program that the Department of Education or the Department of Veterans Affairs or the Department of Labor couldn't do?

Mr. WALKER. Well, we don't think that—I guess you would say there is some overlapping. But we have just seen that, based upon what we are hearing, is that basically SAA has done a good job with that. And I guess we need further time to research more of that to give you a more concrete answer.

Ms. HERSETH SANDLIN. Okay.

Mr. Kelley.

Mr. KELLEY. SAA needs to continue their oversight role and their approval role. But they do need to take time and maybe build a metrics of things that are overlaps so they do not have to duplicate those services.

So on a site visit, part of—the Department of Education and SAA look at the facility, make sure it an adequate facility, that the right equipment is in the facility. If both of them are doing that, that is time and man-hours spent that don't need to be spent. There needs to be a metrics put together that says, if the Department of Education has already approved this, that means we can forgo these steps and go directly to this step. They still need to be involved in each and every approval, but they can take steps to reduce the amount work they do on the ones that have already been approved.

Ms. HERSETH SANDLIN. Okay. I may come back to you, but I appreciate that.

Mr. Campbell.

Mr. CAMPBELL. State Approving Agencies review every program, do a site visit 1 to every 3 years. I think that site visit not only has a purpose of reviewing the school but also developing a relationship with the people there. By developing that relationship, they then become the expert on the GI Bill. And then when that school goes to implement—this new GI Bill is not easy at all—

Ms. HERSETH SANDLIN. Let me interject. Are you aware of whether or not the Department of Education—is not taking those same steps.

Mr. CAMPBELL. According to the GAO, accrediting agencies visit school sites every 2 to 10 years, and the Department of Education only visits schools that have been listed as having performance issues. So the comparison is the SAA will be there 1 to every 3 years.

Ms. HERSETH SANDLIN. If there are performance issues?

Mr. CAMPBELL. No, the SAA will be there 1 to every 3 years regardless. The Education Department will only be there if there is a performance issue.

The accreditation may not be there for 10 years. And I have actually served on an accreditation team before. They are a lot more thorough than I would imagine the SAAs are, but they happen on a—you get a 6- to 10-year approval, then you don't do anything. You don't start thinking about them until you are almost at year 8.

Ms. HERSETH SANDLIN. Let me throw out a hypothetical question, because I have been through the accreditation process, too.

Do we need State Approving Agencies then to visit every 1 to 3 years for programs to be approved at Harvard, Yale, Georgetown, or Stanford?

Mr. CAMPBELL. I think it makes sense—you would think that Harvard and Stanford and Yale, they are not going to want to lose their accreditation. They are going to want to be doing it right. But as soon as that State Approving Agency walks onto that campus, the first person they are going to want to meet is that VA certifier.

Ms. HERSETH SANDLIN. So you maybe agree with Mr. Kelley then, if we can develop the measurements in a way where the State Approving Agencies are maintaining a relationship; they do not have to be duplicative, though in terms of spending their resources to approve programs where the Department of Education has gone and approved them. Are you saying that there should be no change or modification to the approval?

Mr. CAMPBELL. There actually already is. This is actually in my testimony. I can't say that I am responsible for this. Connecticut State Approving Agency created a chart that says there are very different criteria that they use for accredited and non-accredited schools already. I would be willing to tinker with that and make sure that that is as streamlined and efficient as possible.

This is the Code of Federal Regulations (CFR). This is actually in the CFR right now. There is a distinction between accredited and non-accredited schools.

Ms. HERSETH SANDLIN. Are the State Approving Agencies following it?

Mr. CAMPBELL. That is a remarkably good question.

Ms. HERSETH SANDLIN. That goes to Mr. Kelley's point.

Mr. CAMPBELL. Mr. Kelley's point of the self-review. The paper has not been published, and we have not seen it.

Ms. HERSETH SANDLIN. Mr. Brown.

Mr. BROWN. I would echo a lot of the same responses, the most obvious being that the SAAs are more frequently visiting the schools. But I am also hesitant to comment before I hear the later

panels and hearing what they have done since the 2007 GAO report.

Ms. HERSETH SANDLIN. But you are not aware whether or not all of those recommendations have been implemented?

Mr. BROWN. Right.

Ms. HERSETH SANDLIN. Mr. Boozman.

Mr. BOOZMAN. Thank you.

Mr. Kelley, I think, brought up a good point with the metrics. I guess what I would like for you all to comment on a little bit along that regard, we are talking about whether or not we need to increase funding, but I guess it does make sense to put some things in place before you do that. Does that—can you all comment on that, in the sense of putting some metrics?

The other thing is, there is finite resources available, and these resources take away from other things that we are trying to get done. And at some point, do the resources go to preventing waste, fraud, and abuse, as opposed to just kind of doing things because we have always done them for the last however many years?

Mr. KELLEY. I will start, I guess.

Ray Kelley from AMVETS.

I can't say how much the SAA needs to fund. It may be \$19 million, it may be \$40 million to run their operation correctly, to provide the services that they need to provide. And I think they are critical services. But until they start reporting back how they are spending their money and until they show that they are not going to do duplicative services, until they can prove that the reports that they do are accurate and that they are open to the public, then I am hesitant to increase any funding at this point.

Mr. CAMPBELL. And I just think that any new role for the State Approving Agency must have some type of review for the tuition and fees part of the new GI Bill. That is something that has a huge open hole, and so, in addressing that, that is the people who would be the best position to monitor it and make sure that there is not fraud, waste and abuse, giving them the tools and the guidelines they need and tasking them with making sure that those are happening.

Mr. BOOZMAN. But the actual monitoring be transparent.

Mr. CAMPBELL. I definitely think that that report needs to be—you can't have an agency who is accountable without transparency. We say that about the VA in all steps.

Mr. BROWN. I would agree with that. We haven't seen the Joint Peer Review Group report either. And that seems to be the report, if you will, that has all the performance measures.

But I would argue that I also have not seen anything that would suggest that they are also overfunded. And in consideration of the new Post-9/11 GI Bill, their mission is going to dramatically expand. I can just picture how much time they are going to be spending on the phone and in the offices educating people. All the meanwhile, while they are having these conversations, we are probably going to see a decline, in my opinion, probably on the quality assurance side. They are not all Harvards and Yales. And you are going to have, because of the increased amount of money with the GI Bill, you are going to have a lot more people trying to apply to get on these registers as well.

Mr. BOOZMAN. Well, thank you, guys. As always, that is very helpful.

Ms. HERSETH SANDLIN. A couple more questions.

First, recognizing, Mr. Brown. You just said that you are not aware that the SAAs are overfunded. One of the things we are trying to get at here is how resources are allocated and how they could be better allocated within the work that the SAAs do.

I am informed by counsel that some State Approving Agencies in each of the last 3 years have returned money. I am not stating that they are overfunded. It is just, without metrics, how do we know how to better allocate those resources if they are returning money because they are restricted on how they can use that money to do other things?

Mr. BROWN. If I could ask a question—

Ms. HERSETH SANDLIN. Well, hold it for 1 second. I will come back to you before I wrap up; I want you to pose that question to you.

But this issue of the SAAs and the work that will be required of them as the new GI Bill is fully implemented, the VA has been authorized to hire temporary employees. What are your thoughts on the State Approving Agencies, to be able to get over this initial hurdle of implementing a complex new benefit, that is not going to get any less complex but hopefully will get easier as everyone is used to it. Any thoughts on the SAAs being authorized to hire staff on a temporary basis rather than permanently expanding a budget or activities without those metrics?

Mr. BROWN. Madam Chairwoman, I don't think the VFW would be averse to that so long as, once that temporary funding was gone, their mission also narrowed. The education had all been out there, there was enough outreach, everyone understood the new GI Bill, and they were back to their original mission, I don't think we would have a problem with that.

Mr. CAMPBELL. I could see partial temporary increase and then some permanent increase. The reason why, I don't think the tuition and fee oversight role is going to go away any time soon. But I do see the outreach part of it being a huge 1- to 2-year increase.

I can be honest, I am trying really hard to get the word out about the new GI Bill as much as I can. I know Keith Wilson is doing his best. There are just too many people asking questions. If we wanted to make their outreach portion, their education portion temporary, but having their tuition and fees reviewed, that needs to be on a more permanent basis.

Mr. KELLEY. This may be the first time ever that I completely agree with Patrick Campbell.

Mr. CAMPBELL. His daughter is here, so mark that down.

Mr. KELLEY. The continuation of reviewing, each year the university can say they are going to change their tuition and fees, and there needs to be oversight on that. And the only way to do that is with permanent people. You cannot say, okay, we are over the hump of getting all of these programs up and running. Each year after that or each semester after that, the university can change that.

So that, long term, is probably where to go. But again, AMVETS would like to see how money is being spent before we allocate more.

Mr. WALKER. And we would, the Legion would consider this temporary thing, but we also would go more long term to make sure that the veterans are receiving the training and education programs that they need. We would be more toward long term, but we would consider the temporary aspect.

Ms. HERSETH SANDLIN. Mr. Brown, you had a question?

Mr. BROWN. You had said that some States had returned money, but I believe, from what I heard, but again, I haven't seen the reports, that some States also required additional funding.

Ms. HERSETH SANDLIN. That is what we are going to try to get at with Mr. Rowe's testimony. But that raises the question that, without the data, without the information that Mr. Kelley rightfully articulated in his testimony, is necessary to help guide the decisions as to whether or not we work to help secure additional funding. How they are using their resources when 36 percent of their time is to approving and reviewing programs when a majority of that is already approved by other agencies. How can we address what we think may be duplicative but at the same time either eliminate restrictions that result in some SAAs returning money or more focus the work so that those that are requesting more money actually have the resources, because they are not putting it into duplicative work.

Mr. Boozman, anything final for this panel?

Okay. I thank all of you gentlemen and your ongoing commitment to a variety of issues, some familiar, some slightly new, that we are looking at in this new environment of implementing the new GI Bill.

I would now like to invite the next panel to the witness table.

Ms. HERSETH SANDLIN. Joining us on our third panel is Mr. Charles Rowe, President of the National Association of State Approving Agencies (NASAA), who is accompanied by Mr. Dan Wellman and Mr. Skip Gebhart, both Deputy Legislative Directors of the National Association of State Approving Agencies; and Mr. Keith Wilson, the Director of the Office of Education Service, Veterans Benefit Administration, U.S. Department of Veterans Affairs.

Gentlemen, welcome to the Subcommittee. We look forward to your testimony.

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

STATEMENTS OF CHARLES ROWE, PRESIDENT, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES; ACCOMPANIED BY DAN WELLMAN, DEPUTY LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES; SKIP GEBHART, DEPUTY LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES; AND KEITH M. WILSON, DIRECTOR, OFFICE OF EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF CHARLES ROWE

Mr. ROWE. Madam Chairwoman, Ranking Member Boozman, Members of the Subcommittee, I am pleased to appear before you today on behalf of the National Association of State Approving Agencies to provide a historical perspective and overview of the current role SAAs are playing in approving and implementing the Post-9/11 GI Bill.

I have an executive summary to read, but some of the issues that were brought up and, if I might, I could address some of those issues from the previous panel.

One of the things that I would like to correct is that the Department of Education does not in fact approve any programs of education. I don't know where that comes from. The Department of Labor does register programs in States. And in my State, since we have overview of all of those issues, if a registered apprenticeship wants to enroll a veteran in a program, my experience over the past 7 or 8 years is that they will call me first because they have no idea what to do. I have had, occasionally, some individuals who will take it upon themselves to send in the required paperwork so the VA can process an apprentice, and most of the time I find that it was done incorrectly and doesn't meet the VA standards, and the result is that the veteran doesn't get his benefits on time, and I have to go redo the work anyway. So that is one thing I wanted to say about what that does.

I would like to say also about the accreditation process, I am not opposed to it. It is in addition to what it is that I think our role is. But I would like to point out that it is a peer review.

As you know, Madam Chairwoman, you said you have been part of teams. You know, it is academic types reviewing other academic types, most of the time in the same region. And so I wonder sometimes what happens there. And they don't really look at approved programs that I know of; the accreditation reports that I have read don't really have that.

The other thing I would like to tell you about is a short story that was told to me once. In New Jersey, Princeton University has been there hundreds of years, an Ivy League school. On one of my supervisory visits, I sat with Dr. Joseph Greenberg, who has since passed away, and he told me a story one time that he was at a cabinet level meeting of the President. At the time, it was Dr. Shapiro, and they were sitting around the table talking about how great Princeton is. And Dr. Shapiro asked all his cabinet Members, does anybody review what we do besides us? I know, we are Princeton, and we are Ivy League, and we are the best in the country and all of that. And Dr. Greenberg told me, and I raised my hand, yes, Dr.

Shapiro, every year the State Approving Agency comes here and reviews all of our undergraduate and graduate programs and kind of gives them a blessing. And he said, thanks, I think that is important that somebody else reviews what we do every year and what we offer our students.

I wanted to offer you that story, it is a true story, because I think it is important to recognize that, even though that institution has wonderful stature, they still value the role that we play on campus.

Having said that, I would like to address one of the other things about returned money. I am one of those States that returned money for the last 2 years. The reason that is so is because, when Governor Corzine came into office, the first thing they did was freeze everything, like happens in a lot of States, so I haven't been able to hire anyone for the past 2 and a half years. Therefore, I am operating—I should have, according to the framework the VA has, I should have four professional staff members and two support people. I have been functioning with three, including myself as the director, and one support person for the past 2½, and I think it is going to continue that way.

So that is why we have in fact given back money, and I am sure that is happening in other States, too. Right now, I am probably going to be giving back more money this year because our union has agreed to a furlough time. We have to work 10 days in this coming—no, we cannot work 10 days in the coming year, no pay, so that means I can't bill the VA for time that I don't draw a salary. I will be in fact turning back more money this year, and most of those things, I have no control of any of those situations.

I just wanted to correct—I didn't want to correct; I wanted to make a statement in response so I wrote some of those things down. I firmly believe, in the remaining time I have, I believe that the ongoing training, education and outreach efforts that are going to be required for the Post-9/11 GI Bill have been stated by panel, and I agree with most of the things they said.

I, too, am very concerned about the overpayments that are going to be generated by not knowing, really, what to do about how to process things and who is going to do those things. I have said in my State that there are people asking questions, and I am more concerned about the people who are not asking questions, because I don't know what they are doing.

Thank you, Madam Chairwoman, glad to answer any questions.

[The prepared statement of Mr. Rowe appears on p. 36.]

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

Mr. Wilson.

STATEMENT OF KEITH M. WILSON

Mr. WILSON. Good afternoon Chairwoman Herseth Sandlin, Ranking Member Boozman, Members of the Subcommittee. I appreciate the opportunity to appear before you to discuss VA education benefit programs and the role of the State Approving Agencies.

My testimony will highlight the role of the SAAs in serving the needs of VA and our Nation's veterans. I will specifically address program services, staffing oversight, SAA outreach activities, and

funding provided by the Post-9/11 Veterans Education Assistance Act 2008.

VA and the SAAs work together to ensure successful readjustment of veterans to civilian life through educational opportunities. VA administers educational assistance to eligible veterans and dependents while the SAAs ensure the quality of the education and vocational programs pursued and monitor the institutions providing education and training to veterans.

They also conduct outreach programs and provide outreach services to eligible persons and veterans about education and training benefits that are available. Under contract to VA, SAAs ensure that education and training programs meet Federal VA standards through a variety of approval activities, such as evaluating course quality, assessing school financial stability, and monitoring student progress. VA currently has contracts with 57 State Approving Agencies.

The current SAA staffing levels are adequate based on the number of active facilities in each State. VA's focus, however, is on outcomes. Therefore, VA primarily concentrates on whether or not contractual obligations are met and less on the specific staffing levels utilized to meet those requirements.

The fiscal year 2009 SAA contracts were revised to require the SAAs to provide outreach visit reports to VA. In addition, VA requested SAAs to complete an outreach questionnaire in April 2009 on specific efforts related to the Post-9/11 GI Bill. The questionnaire responses and the outreach visit reports indicate that the SAAs overall are performing aggressive outreach for the Post-9/11 GI Bill.

VA has enjoyed a longstanding positive relationship with the SAAs. As with any relationship, however, we are continually engaged to identify areas for improvement. The SAAs' mission is clearly defined in statute. The SAAs have contributed to the administration of education programs relatively free of waste, fraud and abuse. Both VA and the SAAs are proud of that success. As VA education programs in the education community change, we look forward to meeting future challenges.

The Veterans Benefits Improvement Act of 2008 provides the Secretary shall take appropriate action to ensure the coordination of approval activities performed by SAAs and approval activities performed by the Department of Labor, Department of Education and other entities in order to reduce overlap and improve efficiency. In its July 2009 report to Congress, "Coordination of Approval Activities in the Administration of Education Benefits," VA recommended legislation that would give the Secretary authority to act on any findings of duplicative efforts.

For example, section 3672 provides that a veteran or eligible person may receive educational assistance under the program as approved by SAAs. Approving a program is separate and distinct from an accreditation process otherwise in place or required for an institution.

By statute, the SAA must review programs of accredited institutions and determine if they meet the approval criteria in Section 3675.

We believe, for example, expanding the Secretary's authority to accept registered apprenticeship programs or flight approvals from the Department of Labor or the Federal Aviation Administration would enable more effective use of SAA resources.

The VA also suggests in the report that chapter 36 be amended to give the VA discretion to accept certain programs, such as programs offered by accredited public institutions, without specific SAA approval unless VA determines it is necessary to seek such approval.

Such amendments, if enacted, could streamline the statutory responsibilities of the SAAs and allow for more effective utilization of existing resources.

The VA further recommends that chapter 36 be amended to authorize the Secretary to utilize the SAAs for compliance, oversight, and more aggressive outreach activities as the Secretary deems appropriate. We believe the proposed amendments would be cost neutral, since the funding currently used to approve programs would continue to be utilized to enhance outreach, compliance, and oversight activities.

Madam Chair, this concludes my statement, and I would be pleased to answer any questions that you or any Member of the Subcommittee may have.

[The prepared statement of Mr. Wilson appears on p. 44.]

Ms. HERSETH SANDLIN. Thank you both.

Mr. Wilson, toward the end of your testimony you addressed one of the questions that I was going to direct to both of you. But I would like to go back to the GAO report and the recommendations that were made in March of 2007.

Mr. Rowe, have the State Approving Agencies or the VA, in your experience, acted on those recommendations?

Mr. ROWE. Did you have a specific one that you are getting at?

Ms. HERSETH SANDLIN. Any? Did you act on any?

Mr. ROWE. Last contract year the VA asked us to keep track of certain activities, and we reported those on a monthly basis. I cannot say what they did with the data, but through our national association, Madam Chairwoman, to my left is Mr. Gebhart, is from West Virginia, and I will let him speak to that question if you would rather, but we have been under way for the last 6 to 8 months on what we consider to be a true outcomes-oriented measures of what we are doing.

We are a little preliminary on that, but I would let Mr. Gebhart address that if you liked to at this point.

Ms. HERSETH SANDLIN. I would like you to address it, but before, let me just seek some clarification. Is this outcome measures something that you have initiated or Mr. Wilson at the VA initiated.

Mr. ROWE. It is a NASAA initiative. We started it in our association. I thought it was important. I have been President for 2 years, and I thought it was important back in 2007 when I became president, that we not ignore those things, but I knew they would come up again. So I have been searching for the right person, and Skip is the right person, as far I know, from anybody who tells me more. We have had a couple Subcommittee meetings on it, and Skip is now in charge of that Subcommittee.

And like I said, it takes time to develop these measures. It is not just simply counting things. It is what is—you really want a true outcome, what is the outcome of what we do. It is a difficult question to ask, but we are under way in doing that.

Ms. HERSETH SANDLIN. Mr. Gebhart, would you like to speak more to your work?

Mr. GEBHART. Thank you, Madam Chairwoman.

We, as Mr. Rowe said, looked at the GAO report and said, we need to be doing this ourselves. We need to do it for our purposes. We need to do it for VA's, and we need to do it for yours.

Outcome measurement is an extremely useful but extremely complicated thing to do in a nonprofit organization such as the SAAs and such as government, but we have identified, I think, about 16 potential outcomes from the work of the SAAs.

For example, we currently say, "how many approvals do we do in a year?" That is a count of how many times we say a program is approved. And that can be thousands in some of the larger States, but it is a meaningless number in essence. It says we have looked a 1,000 programs, but it doesn't say what happens because of that.

An outcome for that sort of thing would be, for example, "veterans have access to quality programs." That is the outcome that we are trying to achieve by looking at the programs and saying, "do they meet the criteria of the law?" "Do they meet educational criteria?" So we are saying, we may look at a thousand but the outcome is "better programs for veterans to use."

We do a lot of training and consulting with certifying officials at the schools. We count that. Every time we do a workshop, we report that we have done a workshop, but that is a meaningless number in essence, because the question is, "so what?" You did the workshop; what happens as a result? An outcome of that would be that schools' reporting accuracy improves. Certifying officials know more about what to do and how to do it, so their reporting improves. That is the outcome that we are looking for with our training.

Supervisory visits are another work element that we count. The number of visits is meaningless, but what happens because of them is the outcome we are looking for. That would be things like "problems and discrepancies are discovered more quickly." We are out there once a year. VA is out about every 3 years. So we are finding the errors sooner than VA in many cases, and we work with our VA counterparts to make sure that they know what we find and vice versa, so that we are both working together to reduce the number of discrepancies and overpayments and, therefore, fraud waste and abuse.

The challenge is measuring all of these things. That is what we are working on now.

Ms. HERSETH SANDLIN. I appreciate that you have undertaken that effort.

Mr. Wilson, has the VA acted on the third recommendation in the GAO report? Are you working in any way in consultation with what the SAAs have undertaken on their own initiative?

Mr. WILSON. They have their own initiatives under way, and I applaud them.

We have also been engaged with them to come up with specific measures. The fiscal year 2009 period, performance contract period, which is for fiscal year 2009, did have a series of very specific performance measures, outcome measures in the contracts.

Just a few of the examples: timely response to program approval inquiries; 95 percent of the responses are to be completed within 14 days, for example. And there are several other measures that are largely based on timeliness, responsiveness to desires for program approvals, or inquiries or denials that can ultimately turn around in approvals.

Ms. HERSETH SANDLIN. I will have more questions, but I will turn it over to Mr. Boozman.

Mr. BOOZMAN. Thank you, Madam Chair.

To the SAAs, has the VA provided sufficient training to help implement the new Post-9/11 GI Bill? Have they given you enough to work with?

Mr. ROWE. Well, I could speak as a director, Mr. Boozman. And when I think something is necessary, sometimes, I can—or sometimes I have since the beginning of this year, particularly, as requests have come in, as you have heard from the other panel members, I have suspended some of the other things that we normally would do because I thought it was more important to spend my resources on getting this kind of stuff done.

They don't really—VA doesn't really monitor a weekly, monthly basis what it is we do. We submit a quarterly report, and it is numbers. And in those numbers, sometimes are allowed to put a narrative, and we put a narrative, places we have gone, things that we have done.

But—so I am going to say that I have done some activities, not questionable, but in my mind that were necessary. And so, therefore, I kind of delayed some other things and kind of mush them around as much as you possibly can to accomplish the requests from institutions, from veterans, from Guard members, from my own people in the State.

Did that answer your question, sir?

Mr. BOOZMAN. Well, I guess really what I am trying to get at, are the SAAs nationwide, are they trained enough to implement the new GI Bill?

Mr. ROWE. I think we are. I think the VA has done, I have been to a few of the things that Keith and people in his shop have done. And I think they have provided some very valuable information. I attended a big conference they had in Cincinnati. There were over 500 certifying officials in that room, and the team that was there spent a good deal of time talking about the various intricacies, and as you know, it is a very intricate program. So I would say, yes.

Mr. GEBHART. I could echo that.

Mr. WELLMAN. Congressman Boozman, I concur. I think the VA has done a very good job distributing information to the SAAs, providing us with training. We have had three Webinars that were specifically designed for State Approving Agencies. A couple of hours of training. I think there is probably more forthcoming. They have put out a lot of information on the Web sites, and I think they have done a good job of disseminating information about the Post-9/11 GI Bill to the SAAs.

Mr. BOOZMAN. Very good. We appreciate you being here. My counsel tells me that you are from his hometown also of West Point, Iowa. And that is kind of unusual to have two West Point, Iowa, people, I am sure, at a Congressional hearing at the same time. And then I think you have got your son Elek with you also. Where is he? Very good. Good to have you here.

Mr. Wilson, you mentioned the contract and things. And I think what we are trying to do is really see what metrics, what accountability is in place. Can you mention some other things that you are trying to do?

Mr. WILSON. In terms of the specific performance measures for 2009?

Mr. BOOZMAN. Sure.

Mr. WILSON. Just a sample of some other metrics in place right now: initiate corrective action required as a result of a supervisory visit, 95 percent of those within 10 days; timely follow-up involving corrective actions, 95 percent within 30 days; timely follow-up on denial of benefits to veterans by VA, 95 percent within 10 days.

So what we are trying to focus on in 2009, which really was our first incarnation of going to an outcome measure is focusing on the timeliness. Because so much of what we do is critical to the veteran because they are basically dependent on our benefits month to month. And because of the timing for benefit payments, obviously, that is important.

Mr. BOOZMAN. Very good.

I appreciated your story, Mr. Rowe, again I can see the merit in reviewing a place like Princeton periodically, and yet I guess our problem is that we are concerned about who is reviewing the reviewer. And that is really what we are trying to do today is make sure that we have some accountability there. I think we all need that.

I have got it every 2 years with the voters. And like I said, that is our job.

And so, hopefully, working together we can get some good metrics to do what we all want to do, and that is serve veterans.

Thank you very much.

Ms. HERSETH SANDLIN. Just a few more questions.

Mr. Rowe, in your written testimony, on page four this goes to the points that you were making to some of the responses to my questions on the second panel in terms of returning money and why that may be necessary. But in your testimony, you state that many times these shortfalls can be met if the opportunity to use remaining Federal funds is available through the supplemental process. Can you elaborate more what you mean by that?

Mr. ROWE. Sure. I can or Mr. Wilson can. The VA allows or they state an up front contract figure that you are allowed for that fiscal year. You are allowing to draw down a reimbursement, request for reimbursement for your costs associated with that. If you do not have costs, in other words, if you have a \$500,000 contract but you only spent \$400,000, that means the State doesn't get to keep the money, because as you know, it is a cost reimbursement. At some point in time, the State, once they feel comfortable that their bills are going to be met, the VA will ask, are there any funds that you are not going to use this year. And at some point in time, depend-

ing on my fiscal people saying, okay, you can do that, we tell the VA those moneys are now available for other States who need additional resources.

Last year I think it was 18 States that needed additional resources. And so, then, the VA would decide or should decide how they are going to meet those 18 requests from the people who turned money back in.

Ms. HERSETH SANDLIN. Okay. To the situation that you described in terms of why in your office you had to return money, if we were to authorize spending at a higher level for State Approving Agencies and the contract was higher than you got from the VA, would there be anything that Congress could do to address any of your concerns? You described those conditions but if there is a hiring freeze, there is nothing we can do about that. It seems that this goes back to the responsibilities as we define them for the SAAs and how we would like to use some metrics to better fashion what the contractual obligations would look like in light of either new needs that you are providing, can you just comment on that? I was interested in what you described and why that is a reason for some of the funds.

As I stated in my question, I am not trying to suggest that you are overfunded. As you may recall, I helped lead the charge on getting the permanent ceiling moved up to \$19 million, and before I lead a charge to getting more money, I want to make sure that we have the information that backs up that request. So maybe you could comment on that.

Mr. ROWE. Sure, I would like to, I can't speak for how close we are, how close the SAAs were for spending the \$19 million last year. I don't have that information. Mr. Wilson might.

But I could say, we are going to get very close very soon. And I can't predict what is going to happen in the future. My Governor may decide, you can hire X amount of people next year. He could lift that hiring freeze at any point. We could have a tremendous surge in new eligible persons.

I know, in my State, I work in Military Veterans Affairs, and we just had 3,500 new Guard members, probably most or all are entitled to some benefit level under that program. And that is going to mean a tremendous amount of new people involved in all the programs that we already have. I don't know how I can predict how I am going to meet that need at this point in time.

Ms. HERSETH SANDLIN. I appreciate that, and working closely with our State department of military affairs, I know that you are in a very good position to be reaching Guard and Reservists. Probably better than what some of our Federal agencies have been able to do, given the problems that we have had with the U.S. Department of Defense doing mailings about benefits and I think some of the issues that we have seen maybe even with the VA and the Department of Labor, although that varies from State to State as we have seen.

Mr. Wilson, I think you elaborated in your initial testimony, you had looked at sort of the issue of possible duplication. Mr. Rowe provided in terms of DOE not approving programs, but if we compare—and one of the witnesses on the second panel said, look, someone from the SAA and the Department of Education, they are

both out there, so that there is something going on, whether we call it approving, accreditation, review, where there may be potential duplication. It sounds like you have addressed it to a degree. Mr. Wilson, in terms of what you laid out in some amendments that you have discussed in your testimony with the Subcommittee staff; is that correct?

Mr. WILSON. That is correct.

Ms. HERSETH SANDLIN. Do you agree with the Veterans Service Organizations testifying today and the State Approving Agencies that the SAAs need more funding?

Mr. WILSON. We don't at this point based on current active facilities as well as current statutory requirements. And that in large respects gets to what we would like to see addressed in the statutory responsibility.

There is a difference between accreditation and program approval. And speaking very generally, accreditation has to do with whether or not an institution can meet its mission. And the program approval is more, from my perspective, a micro look at specifics—meeting the specific needs of veterans within those programs.

So there is a different core, perhaps a different core desire there in terms of those two processes. But we are also under the belief that there are efficiencies that can be gained there.

What we are looking for and I agree with everything that has been stated concerning the complexity of our programs, four core programs that we administer, many of our participants are eligible for all four or two or three, and there is going to be a strong need to provide outreach.

I don't believe, though, as one of the previous individuals mentioned, that will die down after the first couple of years. We have at our core a very complex program. I believe it is incumbent upon all of us to do our best to make sure that we have folks out there in the field, with the SAAs are uniquely positioned for that, to provide that one-to-one contact with the veteran and help them make the decisions on how the programs best work for them, versus necessarily a specific absolute program approval process.

Ms. HERSETH SANDLIN. I appreciate that.

Mr. BOOZMAN, do you have anything further?

Mr. BOOZMAN. Just one thing, Madam Chair.

In your written testimony, Mr. Wilson, you mentioned things that you thought should be doing and perhaps some new things, could you guys at some point provide us, provide the Committee, with a kind of a priority list of statutory duties? Again, your testimony was good and really alluded to that, but I would like to know, I think we all would like to know specifically where you, where VA sees where your real priorities are and how we should implement that and if we need to help by doing whatever we need to do.

Mr. WILSON. Certainly.

Mr. BOOZMAN. Thank you very much.

Thank you, Madam Chair.

Ms. HERSETH SANDLIN. Well, we will want to work on this a little bit more in terms of drawing the distinctions in consultation with counsel. I don't want to lose the forest through the trees here. I ap-

preciate that you are looking to find efficiencies because accreditation is not the same as approval, but we believe that maybe the Department of Education is working with other entities to do a more thorough review, even though they don't do an approval process. So it sounds like you have initiated this and are trying to find those efficiencies, and we want to continue to work with you and appreciate the work that you, Mr. Rowe and Mr. Gebhart, have undertaken as it relates to your own performance-oriented measures that are very difficult and tricky to develop.

As we do that, that is in no way indicative of the desire of me, I can't speak for the other Subcommittee Members, of somehow trying to narrow and fit what the SAAs do with a \$19 million annual budget. Part of our effort to get it to that was to make up for what was happening even before we passed the Post-9/11 GI Bill.

I couldn't agree more on the outreach that is going to be necessary and likely ongoing and what that means in terms of amendments you have offered. As we look to the set of responsibilities that we are going to be looking to State Approving Agencies for, that there very well may be a good case to be made that the recent statutory modification that we made in the National Defense Authorization Act up to \$19 million is now outdated already.

I think this is the beginning of that discussion, and that analysis and the need for follow up and more information. We appreciate that you have already undertaken some of what we think will be necessary to meet the objectives of the Subcommittee and of your respective organization.

With that, I thank you for your testimony, for being here at the Subcommittee, and your ongoing commitment to our Nation's veterans. The hearing now stands adjourned.

[Whereupon, at 2:40 p.m., the Subcommittee was adjourned.]

A P P E N D I X

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

My colleagues may recall that we conducted a hearing on April 2007 on the subject of State Approving Agencies. In that hearing we sought to determine how the Department of Veterans Affairs was following up on a 2007 GAO report titled "Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Programs" to ensure Federal resources are not duplicated and provide the VA with stronger oversight authority over SAAs.

Today's hearing provides the Subcommittee the opportunity to follow up on that hearing that will: provide the VA the opportunity to highlight its progress from 2 years ago; provide us the opportunity to learn what more can be done to ensure SAAs are making the best use of its limited resources; and help us determine if Congressional action is required to ensure our veterans are enrolled in an educational program where they can meet their educational goals.

As many of our panel members know, the authority of SAAs was established by Congress in 1947 to ensure that veterans and eligible dependents can use the GI Bill educational entitlement in an approved educational program. Under contract with the VA, the key function of SAAs is to ensure that education and training programs meet VA standards through a range of approval activities. In addition to these responsibilities, the SAAs' role has grown from what was first provided in Title 38, Chapter 36 which will be discussed in today's hearing.

In the last Congress, under the leadership of Chairman Bob Filner, we successfully provided a permanent yearly funding at \$19 million. Today we will hear from representatives of the State Approving Agencies who are seeking additional resources to help them meet their obligations to our veterans and the VA. I look forward to hearing from all the panelists to see what additional resources may be warranted, or in the alternative if SAAs can be streamlined to use their limited resources more effectively.

I would like to thank all our panelists for the feedback they provided in today's hearing. Thank you for all your hard work to ensure that our nation's veterans are afforded the best educational opportunities to succeed in life after military service.

I can assure you that this Subcommittee will follow up on the recommendations provided in today's hearing. We also look forward to a smooth implementation of the new Post-9/11 Montgomery GI Bill.

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

Good afternoon, Madam Chair and everyone with us today.

The State Approving Agencies are VA's frontline partners in ensuring veterans receive quality education and training. Without the State Approving Agencies, additional VA staff would be needed to provide many of the functions now done by the SAAs.

Today's higher education system is vastly different from that of the 1940s. For example there is now more oversight by states and national accrediting agencies on all schools. There are now more schools, many of which have multiple campuses; more training programs, which also have several campuses; and more options such as distance learning, to access these programs. Online education is experiencing rapid growth and some fully accredited institutions have a majority of their students participating through online courses and many schools now offer blended attendance featuring a mix of classroom and online courses.

Education and training has also experienced significant cost growth from the period of the first GI Bill. Using normal inflation rates, the \$500 paid to schools and

the \$50 per month living stipend to cover all costs under the WWII GI Bill would now be \$10,418. However, according to the College Board, the average tuition and fees at a public institution is now about \$18,500.

Last year in PL 110-389, Congress required VA to ensure that VA and the SAAs were coordinating their functions with other agencies such as the Department of Education as a means to ensure we are not having any duplication. Title 38 also lists the statutory duties of the SAAs.

The question is whether, given all the changes in education, we need to refocus the efforts of the SAAs. It would seem to me that the public university system and what are referred to as recognized leading national universities, such as those listed by Newsweek and other publications, need little additional oversight. Courses or degrees offered by those schools should be accepted as meeting VA standards. With the increased level of benefits under the Post-9/11 GI Bill and proliferation of non-degree and OJT/Apprenticeship programs, additional oversight of those programs would seem appropriate.

I would also note that title 38 allows states to add approval requirements. I suspect if we had a checklist from each SAA, we would find that beyond the statutory requirements, significant variation in what they look for.

Madam Chair, the SAAs will again be pressing for additional funding beyond the \$19 million currently authorized. To me, we should decide what the SAA duties should be and VA should be a part of that decision process. Once we have done that, we should pay them for that work.

I yield back.

**Prepared Statement of Hon. Timothy H. Bishop,
a Representative in Congress from the State of New York**

Madam Chairwoman and Members of the Subcommittee: I appreciate the opportunity to appear before you today to express my strong support for the State Approving Agencies (SAAs) and their crucial role in supporting our veterans.

I have first-hand experience with the SAAs from my career as an administrator at Southampton College in Southampton, New York. Representatives from the New York SAA would visit campus annually to assess the quality of Southampton's programs and ensure our veteran students were taking full advantage of the academic and extracurricular activities we offered.

Southampton College was a fully accredited institution of higher education, but it was very helpful for us to have an external quality assessment each year. Throughout my career in academia, the SAAs made administering the GI Bill benefits easier for Southampton as an institution, and helped us to better serve our dedicated veteran students.

Today, as a Member of Congress, I have a new appreciation for their diligence in ensuring that taxpayer dollars are supporting only bona fide programs, and that veterans are receiving the top quality education they have earned.

I was proud to vote for the Post-9/11 GI Bill and to see it signed into law as the most significant veterans benefit in America's history. The unprecedented scope of this program has required a dramatic increase in activity at all agencies responsible for administering the GI Bills, including the SAAs. However, the Federal commitment to the SAAs has not been enhanced to meet the increasing demands of this new mission, which include:

- Performing outreach activities to increase the utilization of the GI Bills
- Providing advice and guidance to veterans, guard, reservists, and other GI Bill benefit recipients, as well as educators, trainers and others who counsel veterans
- Training VA School Certifying Officials at all educational institutions and job training establishments; and
- Assisting the Federal Government in eliminating waste, fraud and abuse

Other witnesses on the panel will be able to detail more specifically how the recent freeze in funding has affected the SAAs; however, I believe it is clear that they have been asked to do too much for too many with too little. Furthermore, the need for enhanced funding is critical as the 21st Century GI Bill begins paying benefits this fall.

Having created this landmark program, Congress must make adequate provision to ensure it benefits our veterans as intended. I am gratified that the U.S. Depart-

ment of Veterans Affairs shares my strong support for the SAAs and views them as a valued partner that deserves additional support.

Once again, Madam Chairwoman, I appreciate the opportunity to testify before the Subcommittee today. Like our Nation's veterans, the SAAs deserve the highest level of support from Congress and I hope to have the opportunity to vote for an appropriate increase in funding in this session.

**Prepared Statement of Mark Walker,
Deputy Director, National Economic Commission, American Legion**

The mission of these State Approving Agencies (SAAs) is to provide technical assistance and regulatory expertise to educational and training administrators to ensure that quality programs are available to veterans and other eligible persons. SAAs approve programs leading to vocational, educational or professional objectives. These include vocational certificates, high school diplomas, GEDs, degrees, apprenticeships, on-the-job training, flight training, correspondence training and programs leading to required certification to practice in a profession. SAAs have not had an increase in funding in the last four years (inflation rose 14 percent during this time period); however, VA was allowed to conduct substantial hiring to process new claims. By contrast, SAAs have not been in a position to hire even though the Post-9/11 GI Bill workload has ballooned for these agencies as well. In order to carry out its expanded missions in light of the Post-9/11 GI Bill, SAAs will require an additional \$5 million per year for the next 3 years (total of \$15 million). The Post-9/11 GI Bill has dramatically changed the work requirement for SAAs. Adequate funding will provide additional staffing and other resources for SAAs to fulfill its mission. The benefit stream flows through SAAs as well as the VA, and without fully functioning SAAs, veterans and other benefit recipients will not receive their educational benefits in a smooth, orderly, and timely manner.

In a Government Accountability Office (GAO) report in March 2007 entitled "VA Student Financial Aid; Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies" (GAO-07-384) focused on the need to "ensure that Federal dollars are spent efficiently and effectively." GAO recommended that VA should require SAAs to track and report data on resources spent on approval activities, such as site visits, catalog review, and outreach in a cost-efficient manner. The American Legion agrees. Additionally, GAO recommended that VA establish outcome-oriented performance measures to assess the effectiveness of SAAs efforts. The American Legion fully agrees. Finally, GAO recommended that VA should collaborate with other agencies to identify any duplicate efforts and use the agency's administrative and regulatory authority to streamline the approval process. The American Legion agrees.

The American Legion strongly supports SAAs and is committed to working with them along with the VA and other Federal agencies to ensure that America's veterans receive the finest education and training programs so they can live a dignified and successful life after serving this great nation. Again, thank you for the opportunity to submit the opinion of The American Legion on this issue.

Madam Chairwoman and distinguished Members of the Subcommittee, thank you for the opportunity to submit the views of The American Legion regarding the Evolution of State Approving Agencies.

State Approving Agencies

State Approving Agencies (SAAs) are responsible for approving and supervising programs of education for the training of veterans, eligible dependents, and eligible members of the National Guard and the Reserves. SAAs grew out of the original GI Bill of Rights that became law in 1944. Though SAAs have their foundation in Federal law, SAAs operate as part of state governments. SAAs approve programs leading to vocational, educational or professional objectives. These include vocational certificates, high school diplomas, GEDs, degrees, apprenticeships, on-the-job training, flight training, correspondence training and programs leading to required certification to practice in a profession.

Effective March 1, 2001, SAAs assumed responsibility for approving organizations offering tests required to secure local, state, Federal or industry-based licenses or certifications. SAAs maintain a computer database that lists all approved education and training facilities in the state and their approved program offerings. The mission of these SAAs is to provide technical assistance and regulatory expertise to

educational and training administrators to ensure that quality programs are available to veterans and other eligible persons.

The Post-9/11 Veterans Education Assistance Act was signed into law on June 30, 2008, and is scheduled for implementation on August 1, 2009. Four very different education programs will soon exist: the Post-9/11 GI Bill, Montgomery GI Bill, Montgomery GI Bill-Selected Reserve, and the Reserve Educational Assistance Program.

This new bill goes well beyond helping to pay for tuition and fees; many veterans who served after September 11, 2001, will get full tuition and fees, a new monthly housing stipend, and a \$1,000 a year stipend for books and supplies. The new bill also gives Reserve and Guard members who have been activated since 9/11 access to the same GI Bill benefits.

Another added benefit to the Post-9/11 GI Bill is the Yellow Ribbon Program. This program allows institutions of higher learning (degree granting institutions) in the United States to voluntarily enter into an agreement with VA to fund tuition expenses that exceed the highest public in-state undergraduate tuition rate. The institution can contribute up to 50 percent of those expenses and VA will match the same amount as the institution, enhancing school reimbursements and the value of the New GI Bill. Veterans who are going through a graduate program or seeking out-of-state tuition and fees can also use this program. Regarding concerns of proper resources to implement the new program, VA has hired and begun training 530 temporary veterans' claims examiners to support implementation and assure payments will be made beginning August 1, 2009.

It should be noted that SAAs have not had an increase in funding in the last four years (inflation rose 14 percent during this time period). As already mentioned, VA was allowed to conduct substantial hiring to process new claims. By contrast, SAAs have not been in a position to hire even though the Post-9/11 GI Bill workload has ballooned for these agencies as well. In order to carry out its expanded missions in light of the Post-9/11 GI Bill, SAAs will require an additional \$5 million per year for the next 3 years (total of \$15 million). This funding would allow SAAs to continue to fulfill these duties:

- make determinations regarding the quality and integrity of all kinds of learning experiences (institutional, job training, flight, correspondence, etc.);
- work with employers to develop and enroll veterans in job training programs (Apprenticeships and OJT);
- assess and approve tests for professional and occupational licensing and certification;
- perform outreach activities to increase the utilization of the GI Bills including briefings during transition assistance programs (TAP) and retirement seminars, and sending out mailings to recently discharged veterans and Selected Reserve personnel;
- provide advice and guidance to veterans, guardsmen, reservists, and other GI Bill benefit recipients, as well as educators, trainers, and others who counsel veterans; and,
- train VA School Certifying Officials at all educational institutions and job training establishments.

The Post-9/11 GI Bill has dramatically changed the work requirement for SAAs. Adequate funding will provide additional staffing and other resources for SAAs to fulfill its mission. The benefit stream flows through SAAs as well as the VA, and without fully functioning SAAs, veterans and other benefit recipients will not receive their educational benefits in a smooth, orderly, and timely manner.

In a Government Accountability Office (GAO) report in March 2007 entitled "VA Student Financial Aid; Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies" (GAO-07-384) focused on the need to "ensure that Federal dollars are spent efficiently and effectively." GAO recommended that VA should require SAAs to track and report data on resources spent on approval activities, such as site visits, catalog review, and outreach in a cost-efficient manner. The American Legion agrees. Additionally, GAO recommended that VA establish outcome-oriented performance measures to assess the effectiveness of SAAs efforts. The American Legion fully agrees. Finally, GAO recommended that VA should collaborate with other agencies to identify any duplicate efforts and use the agency's administrative and regulatory authority to streamline the approval process. The American Legion agrees.

The American Legion strongly supports SAAs and is committed to working with them along with the VA and other Federal agencies to ensure that America's veterans receive the finest education and training programs so they can live a dignified

and successful life after serving this great nation. Again, thank you for the opportunity to submit the opinion of The American Legion on this issue.

**Prepared Statement of Raymond C. Kelley,
National Legislative Director, American Veterans (AMVETS)**

Madam Chairwoman, Ranking Member Boozman, and Members of the Subcommittee, thank you for the opportunity to appear before you today to provide AMVETS' views concerning State Approving Agencies.

In March 2007, GAO reported on "VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and the Assess State Approving Agencies." The report held three major recommendations: First, VA should require SAAs to track and report data on resources spent on approval activities such as site visits, catalog review, and outreach in a cost-effective manner; second, VA should collaborate with other agencies to identify any duplicative efforts and use the agency's administrative and regulatory authority to streamline the approval process; and finally, VA should establish outcome-oriented performance measures to assess the effectiveness of SAA efforts. (GAO 07-775T) VA concurred with these findings and promised to find solutions to these issues in FY08. However, AMVETS has been unable to locate any indication that VA has made efforts to correct these deficiencies by the FY08 budget cycle or in any subsequent year. The 467 page Department of Veterans Affairs FY08 Performance and Accountability Report failed to mention any steps that are being taken to improve the SAA's effectiveness. As early as 1988, GAO reported on the issue of agency overlap of program approval. AMVETS believes there is added value in SAA's approval, training and oversight role, but without accountability of time and resources, and tangible outcome measures the effectiveness and efficiency of SAA will never be know.

First AMVETS questions the amount of time that is invested on program approval and review. The most recent review of SAA's time allocation that AMVETS could find is from 1988. This data found that nearly 36 percent of SAA's time is spent approving and reviewing programs. This is disturbing to AMVETS in light of the fact that a majority of the programs have already been approved by other government agencies.

<u>ACTIVITIES</u>	<u>PERCENT OF TIME</u>
Supervisory Visits	22.3
Approvals/Disapprovals	15.4
Catalog Review	13.0
Traveling to and from Sites	12.2
Inspection Visits	12.1
New Program Development (APP, OJT, Farm)	8.6
Review of Previously Approved Programs	7.3
Keeping Statistics for the VA	5.3
Visits at the Request of the VA	4.3
Information/Outreach Activities	4.2
Meeting/Discussing Concerns with the VA	4.2
Advising/Consulting with Other State Agents	3.9
Other VA-related Activities	4.2
Other non-VA Activities	7.3

(66 total responses)

Figures do not add to one hundred percent because they are averaged & rounded.

(Analysis of the Education Program Approval Process: A Program Evaluation, May 1988)

AMVETS understands the unique role the SAA has in ensuring veterans programs are approved, but with that said, nearly 80 percent of all programs that are approved by Department of Education (DOE) are also approved by SAA, and that by law, title 38, section 3687(a)(1), all apprenticeships must meet Department of Labor (DOL) standards before they can be accepted by VA. So even though there are unique factors that SAA looks at to determine eligible programs, there is an inherent redundancy in the approval process between SAA and other approving agen-

cies. Nearly two and half years have passed since VA stated they “will initiate contact with appropriate officials at the Department of Education and Labor to identify any duplicative efforts” with no indication of changing their policy to reduce duplication. (GAO-07-384, Appendix II) AMVETS humbly requests that Congress task VA with contacting the Department of Education and Labor to truly determine the areas of overlap and report back to Congress their findings and their plan to reduce the duplication.

Second, VA also boasts that they “diligently track SAA activities.” The issue AMVETS has with this tracking process is that SAA only tracks activities (outputs) and not the results or improvements (outcomes) of the activities. Reporting how many sight visits SAA has made or the amount of training that was provided only accounts for the hours worked and not actual results the visits and training had in improving services to veterans. To truly understand the efficiency and effectiveness of a program SAA must track the outcome measures of the work they conduct. It is also impossible to track the efficiency and effectiveness of a program when there are no internal controls over the financial assets. VA provides SAA with \$19 million per year with no expectation that SAA report back on the use of the funds. The only mechanism that is in place to monitor the productivity of SAA is a self-evaluation and review. PL 100-323 “Requires the Administrator: (1) to conduct an annual evaluation of each SAA and provide SAAs an opportunity to comment on the evaluation; (2) supervise functionally the provision of course-approval services by States; and (3) cooperate in developing a uniform national curriculum for training of employees of SAA. Requires SAAs carrying out contracts with the Administrator to apply qualification and performance standards to SAA personnel.” VA’s response to this law was to develop the Joint Peer Review Group (JPRG). This group meets annually to review each of the SAA’s self-assessed performance. AMVETS questions the sincerity of these reviews, not solely based on the fact that it is a self-assessment reviewed by their peers, but by the fact that these reviews are not accessible to the public. SAA lacks the two key components in determining efficiency and effectiveness of a program: accountability of resources and data that proves services improved because of the program.

In conclusion, AMVETS believes that SAA can provide value to veterans, but until there are oversight and accountability mechanisms in place, the degree of value cannot be determined. It is for these reasons that AMVETS recommends: (a) that SAA begin reporting back to VA their allocation of funds; (b) that a real effort to identify program approval overlaps takes place with a plan of how SAA will eliminate the overlaps; (c) that SAA will develop outcome measures for their sight visits and training programs and report them to VA and the public annually and; (d) that the annual JPRG report be presented to VA and the public.

Madam Chairwoman, thank you again for providing AMVETS the opportunity to present our views on issue. This concludes my testimony and I will be happy to answer any questions you may have.

**Prepared Statement of Patrick Campbell,
Chief Legislative Counsel, Iraq and Afghanistan Veterans of America**

Madam Chairwoman, Ranking Member, and Members of the Subcommittee, on behalf of Iraq and Afghanistan Veterans of America (IAVA), thank you for the opportunity to testify today regarding the evolution of State Approving Agencies. State Approving Agencies play a critical role in the administration of GI Bill benefits and protecting against abuse of these benefits.

In 2007 veterans attended over 8,700 different colleges, universities and trade schools-all approved by State Approving Agencies. Overall, the VA has over 27,000 approved education programs monitored by State Approving Agencies. The Post-9/11 GI Bill has created an opportunity to expand and grow State Approving Agencies which have over 60 years of experience in connecting states and veterans with their GI Bill benefits.

SAAs play a critical role in administering GI Bill benefits.

The original WW II GI Bill authorized the Administrator of Veterans’ Affairs, “from time to time . . . [to] secure from the appropriate agency of each state a list of education and training institutions (including industrial establishments) . . . which are qualified and equipped to furnish education or training.”¹ State Approving Agen-

¹ §4, Part VIII, 78 P.L. 346, Servicemen’s Readjustment Act 1944.

cies were tasked to certify that education programs were qualified to teach returning veterans. Since this initial mandate 60 years ago, the basic role of the SAAs has changed very little.

Currently State Approving Agencies are still federally contracted state employees who certify that education programs, vocational programs and national examinations meet basic VA standards. Newer duties include site visits to educational facilities, technical assistance for VA approved programs, outreach, liaising with other service providers and contract management. SAAs visit schools once every 1–3 years and review criteria such as student achievement, curricula, program objectives, facilities, and recruiting and admission standards. Below is a list of approval criteria and the corresponding standards contained in the Code of Federal Regulations. Non-accredited institutions have tougher standards than accredited institutions.

Approval Criteria²	Non-Accredited Institutions	Accredited Institutions
Period of Operation	CFR 21.4251	CFR 21.4251
Accreditation Status	CFR 21.4254(a)	CFR 21.4253
Quality, Content and Length	CFR 21.4254(c)(1)	CFR 21.4253
Qualifications of Personnel	CFR 21.4254(c)(1), (c)(2), (c)(3), (c)(12)	CFR 21.4253
Adequacy of Facilities	CFR 21.4254(b)(10), (c)(2)	CFR 21.4253
Financial Soundness	CFR 21.4254(c)(9)	
Advertising, Sales, Enrollment Prac.s	CFR 21.4252(h), CFR 21.4254(c)(10)	CFR 21.4252(h)
Enrollment Policy	CFR 21.4254(b)(4)	CFR 21.4253(e)(2)
School Calendar	CFR 21.4254(b)(3), (c)(1)	
Fee Schedule	CFR 21.4254(b)(8)	
Refund Policy	CFR 21, 4254(c)(13), (b)(9), CFR 21.4255	
Attendance Policy	CFR 21.4254(b)(5)	CFR 21.4253(d)(2)
Progress Standards	CFR 21.4254(b)(6), (c)(7)	CFR 21.4253(d)(1), (d)(2), (s)(4)
Conduct Policy	CFR 21.4254(b)(7), (c)(7)	CFR 21.4253(d)(1)(i), (d)(4)
Credit for Previous Education	CFR 21.4254(b)(12), (c)(4)	CFR 21.4253(d)(3)
Programs Precluded	CFR 21.4252, CFR 21.4265(a)	CFR 21.4252
Enrollment Limitations	CFR 21.4201, CFR 21.4254(c)(11)	CFR 21.4201
Programs at a Branch or Extension	CFR 21.4266	CFR 21.4266
Program Outlines	CFR 21.4254(c)(5), (b)(11)	
Resident Instruction	CFR 21.4200(o)(i), (g), (r); 21.4280(f)	CFR 21.4200(o)(i), (g), (r); 21.4280(f)
Cooperative Training	CFR 21.4233(a)	CFR 21.4233(a)

Approval Criteria ²	Non-Accredited Institutions	Accredited Institutions
Correspondence	CFR 21.4200(o)(iii), CFR 21.4256	CFR 21.4200(o)(iii), CFR 21.4256
Independent Study	CFR 21.4280(c)	CFR 21.4280(c)
Practical Training	CFR 21.4265	CFR 21.4265
Combinations of Instruction	CFR 21.4233, CFR 21.4273(c), CFR 21.4279	CFR 21.4233, CFR 21.4273(c), CFR 21.4279

The Post-9/11 GI Bill created a new responsibility for State Approving Agencies. All of which, significantly impact a large population of veterans and affect the overall cost of the benefit. The tuition and fees benefit of the Post-9/11 GI Bill is based on the most expensive, in-state undergraduate public school program in each state. State Approving Agencies were tasked with reviewing each and every public school program in order to establish the appropriate state cap for tuition and fees. These tuition caps affect tens of thousands of veterans attending graduate programs and private universities.

SAAAs will protect against fraud, waste and abuse

State Approving Agencies are on the frontlines of preserving the integrity of GI Bill benefits. This recommendation was published in a report in 1956, reviewing lessons learned from the WWII GI Bill, “A readjustment benefit should include adequate safeguards to assure that benefits actually serve a bona fide readjustment purpose. Such safeguards should not be carried to the point where they deprive the veteran of a reasonable freedom of choice—but that freedom should be exercised within limits which assure value received.”³ The report acknowledged that some veterans used their WWII GI Bill benefits simply as a source of income, indulging in recreational and/or a vocational programs to qualify. In response, Congress passed tighter rules and regulations governing the use of GI Bill benefits, implemented chiefly by State Approving Agencies.

The Post-9/11 GI Bill, like the WWII GI Bill, pays tuition and fees directly to the school. These types of payments “contributed to some problems connected with proprietary schools⁴” and were later eschewed for a single payment plan to the individual not the schools. IAVA strongly supported reinstating tuition and fees payments directly to the school to help veterans overcome the huge upfront costs associated with higher education. However, we also acknowledge that these types of payments require close monitoring because they are vulnerable to abuse. Historically, many of the controls needed to ensure proper use of Post-9/11 GI Bill benefits have already been put in place (see chart above).

Unfortunately, due to creative interpretations of the tuition and fees benefits by the Department of Veterans, State Approving Agencies do not have the tools or guidelines to prevent schools from dramatically maximizing their portion of GI Bill benefits from the VA. The VA quizzically concocted a reimbursement scheme that created two distinct tuition and fee caps. The tuition cap is paid on a per credit basis and the fees cap is paid on a per term basis. The VA has failed to define the critical provisions of this new benefit, including what constitutes an “academic term”, “credits”, “tuition” and “fees.” This lack of clarity means that schools have wide latitude to simply adjust the names of their education charges, from tuition to fees or vice versa, and position themselves to receive large sums of cash from the VA. For example, a veteran enrolled in just one credit hour in Colorado could still receive upward of \$43,000/term in fees because the fees cap is not dependent on the level of enrollment. Furthermore, since the length of an academic term is defined by the school and not VA regulations, a veteran could be enrolled in upwards of twelve academic terms in 1 year and that school would receive six times the amount of tuition/fees as a regular semester program. State Approving Agencies are powerless to prevent approved programs from milking the system.

²Guide to Approval for Institutions and Educational Programs enrolling Veterans, <http://www.ctdhe.org/vet/SchoolApproval.htm>.

³House Select Committee to Investigate Educational, Training, and Loan Guaranty Programs Under GI Bill, H.Rep. No. 1375, 82d Cong., 2d Sess. p. 272.

⁴House Select Committee to Investigate Educational, Training, and Loan Guaranty Programs Under GI Bill, H.Rep. No. 1375, 82d Cong., 2d Sess. p. 243.

IAVA strongly believes that the tuition and fees benefit of the Post-9/11 GI Bill should be revisited and reworked to ensure both a generous and fair benefit. In the interim, the VA should issue clear standards for schools to follow and the State Approving Agencies to enforce regarding the tuition and fees benefits. Failure to prevent a few apples from turning rotten may ruin the entire barrel.

Post-9/11 GI Bill presents new opportunities for SAAs

While the Post-9/11 GI Bill is the largest increase in education benefits since WW II, this generous new benefit is far from intuitive from a user's perspective. Considering that one of the core duties of the State Approving Agencies is to do outreach and provide technical assistance to schools offering approved programs, IAVA believes that State Approving Agencies are best positioned to conduct increased local outreach and education on the Post-9/11 GI Bill. Over the past year, the VA has conducted minimal and non-substantial outreach to veterans explaining their new benefits, though their new GI Bill Web site is a vast improvement over what previously existed. State Approving Agencies could work with local schools and VA certifying officials to help veterans know about their benefits.

Conclusion

State Approving Agencies will account for around 5 percent of the overall GI Bill budget in 2009. They play a critical role in the administration of the GI Bill and given the right tools, will save taxpayers more than their annual allotment by preventing fraud, waste and abuse. We believe that the VA should look to expand the State Approving Agency program to include increased outreach and technical training to help veterans and schools prepare for the Post-9/11 GI Bill.

**Prepared Statement of Justin Brown, Legislative Associate,
National Legislative Service, Veterans of Foreign Wars of the United States**

MADAM CHAIRWOMAN AND MEMBERS OF THIS SUBCOMMITTEE:

On behalf of the 2.2 million members of the Veterans of Foreign Wars of the United States and our Auxiliaries, I would like to thank this Committee for the opportunity to testify. The issues under consideration today are of great importance to our members and the entire veteran population.

State Approving Agencies (SAAs) continue to play a vital role in the administration of veterans' education programs. With the passage of the Post-9/11 GI Bill SAA's mission has dramatically evolved. The Post-9/11 GI Bill is a complex benefit and a great deal of the administrative burden lies with SAAs.

Background on State Approving Agencies

State Approving Agencies were created following the passage of the Servicemen's Readjustment Act 1944 to help administer the benefit while; assisting the Federal Government in preventing waste, fraud, and abuse; maintaining a high quality learning experience for veterans utilizing Federal benefits; and assisting veterans transitioning from the military and into the civilian sector.

The scope and mission of the SAAs has changed relatively little until recently. Multiple recent legislative changes have increased and broadened the scope of the SAAs. The most notable included the passage of the Post-9/11 GI Bill, and in 2001, SAAs were given the role of actively promoting the development of apprenticeship, on-job-training programs, and the approval of tests used for licensing and certification. The legislative action in 2001 was followed with a funding increase in FY 2003 from \$13 million with a graduated increase to \$19 million by FY 2006—their current level of funding. In consideration of inflation, SAA's funding level has continually eroded since its last increase in FY 2006.

Current Legal Requirements of State Approving Agencies

SAA's responsibilities are summarized in the Code of Federal Regulations 38 CFR 21.4151 (b). (Authority: 38 U.S.C. 3673(a))

(b) State approving agency responsibilities. State approving agencies are responsible for:

- (1) Inspecting and supervising schools within the borders of their respective States;
- (2) Determining those courses which may be approved for the enrollment of veterans and eligible persons;
- (3) Ascertaining whether a school at all times complies with its established standards relating to the course or courses which have been approved;

- (4) Determining those licensing and certification tests that may be approved for cost reimbursement to veterans and eligible persons;
- (5) Ascertaining whether an organization or entity offering an approved licensing or certification test complies at all times with the provisions of 38 U.S.C. 3689; and
- (6) Under an agreement with VA rendering services and obtaining information necessary for the Secretary's approval or disapproval under chapters 30 through 36, title 38 U.S.C. and chapters 107 and 1606, title 10 U.S.C., of courses of education offered by any agency or instrumentality of the Federal Government within the borders of their respective States.

While the CFR certainly reflects the core responsibilities of SAAs the National Association of State Approving Agencies (NASAA) has produced a list that tends to characterize a more thorough understanding of their mission.

- (1) Making determinations regarding the quality and integrity of all kinds of learning experiences (institutional, job training, flight, correspondence, etc.)
- (2) Working with employers to develop and enroll veterans in job training programs (Apprenticeships and OJT).
- (3) Assessing and approving tests for professional and occupational licensing and certification.
- (4) Advocate for veterans at state and local levels, and serve as gatekeepers for the GI Bill.
- (5) Provide insights to the DVA and Congress on changes necessary to make the GI Bills more relevant and responsive.
- (6) *Performing outreach activities to increase the utilization of the GI Bills including; briefings during transition assistance programs (TAP) and retirement seminars, and sending out mailings to recently discharged veterans and Selected Reserve personnel.
- (7) *Provide advice and guidance to veterans, guard, reservists, and other GI Bill benefit recipients, as well as educators, trainers and others who counsel veterans.
- (8) *Training VA School Certifying Officials at all educational institutions and job training establishments.
- (9) *Assist the Federal Government in eliminating waste, fraud and abuse.

*Missions expanded as a result of the Post-9/11 GI Bill

Most of the above expanded missions are information based. With a complex benefit it is imperative that veterans are being provided correct and timely information. The VFW is aware of multiple instances in which veterans are getting incorrect information and/or are having trouble locating quality information. Only recently have decent resources started to appear in regards to information on the GI Bill. All of this would lead the VFW to believe that there is an increased need for highly trained individuals working at the state level. SAAs ought to be providing the same services as in previous years but also expanding their scope and ability to fill the much needed expansion of informational services required of the complex Post-9/11 GI Bill.

The Potential for Increased Waste, Fraud, and Abuse

The VFW believes that it is especially important to emphasize the increased potential for waste, fraud, and abuse of this benefit. The changes in the rate of pursuit schedule¹ and the yellow ribbon program leave the possibility of large overpayments or underpayments to veterans attending schools. NASAA has singled this issue out as perhaps its most manpower intensive mission in consideration of the changes due to the Post-9/11 GI Bill.

If left unattended, overpayments not corrected for a long period of time could prove devastating to veterans at no fault of their own. Overpayments are typically drawn from future payments to veterans and may leave them with less than adequate funding to maintain their livelihood. Veterans depend on the benefits process to get it right the first time and SAAs play a crucial role in the process. The VFW hopes to see a vigilant staff at both the state and Federal levels, with adequate re-

¹Rate of pursuit is the rate at which a veteran pursues the completion of their degree or training. Constant verification of a veteran's rate of pursuit is necessary to ensure veterans are not over- or underpaid.

sources, working to insure a smooth seamless administration of the Post-9/11 GI Bill with little or no affect on the quality of other programs and missions.

Current SAAs Funding Levels Are Insufficient to Meet Needs

While the VA has been amply funded and allotted time to prepare for the Post-9/11 GI Bill, SAAs are operating at the same level of funding for their fourth consecutive year. SAA's workload is already dramatically increasing. Without a similar increase in resources, certain responsibilities will be neglected thereby decreasing the programs overall quality for veterans and reducing the insurance of a quality investment for our Federal Government. For the GI Bill to remain the first-rate program it is today, SAAs must have the necessary funding to maintain their critical mission.

SAAs are the face of the GI Bill at the state level. As such, they are being inundated by VA School Certifying Officials and individual benefit recipients eager for information. This additional workload, that requires timely responses, has immediately increased the SAA's mission particularly in the realm of outreach and training.

There is no question that the Post-9/11 GI Bill is a complex benefit. Moreover, within the next few years it is likely there will be legislative changes to the Post-9/11 GI Bill that will require additional outreach and training. SAAs are behind the curve in funding, have an expanded mission, and are losing time to train and implement resources that come with an increase in funding.

VFW's Suggested Course of Action

The VFW strongly supports NASAA's request for an additional \$5 million dollar appropriation per fiscal year for a total of \$24 million per a fiscal year. The VFW believes this would prove sufficient for the State Approving Agency's newly expanded workload. The VFW also requests any increase be tied to a cost of living index to reduce the gradual deterioration of the funding.

**Prepared Statement of Charles Rowe, President,
National Association of State Approving Agencies**

Introduction:

Chairwoman Herseth Sandlin, Ranking Member Boozman and Members of the Subcommittee on Economic Opportunity, I am pleased to appear before you today on behalf of the National Association of State Approving Agencies (NASAA) to provide a historical perspective and overview of the current role the State Approving Agencies (SAAs) are playing in approving and supervising programs of study and in implementing the Post-9/11 GI Bill.

This testimony is presented in four (4) parts. The executive summary, and three (3) sections which provide a summary of expansions in the SAAs missions, direct answers to the Subcommittee's questions, and concluding comments and SAAs survey results.

Section I. Executive Summary

State Approving Agencies (SAAs) were created shortly after the enactment of the original GI Bill to work with the Department of Veterans Affairs to assist in the preventing of waste, fraud and abuse, ensure credible learning experiences for vets, and assist veterans in successfully transitioning into the civilian world. Chapter 36 of Title 38 U.S. Code delineates in some detail the provisions for funding and the responsibilities of the SAAs. SAAs have historically been the "face" of the GI Bill at the state level, and their contributions to its success have been demonstrated for over six decades.

With the impending implementation of the Post-9/11 GI Bill a number of the historical missions of the SAAs have been significantly expanded: The amount and scope of required advice and guidance to veterans, guard, and reservists via outreach and other means has surged. The in-depth training and technical assistance that must be provided to Certifying Officials surrounding the new certification procedures such as the special "yellow ribbon" considerations regarding overpayments even for full-time students and the like, have ballooned, while the efforts which will be required to assist the Federal Government in the elimination of waste, fraud, and abuse are set to skyrocket as the new Post-9/11 GI Bill takes effect in a few weeks.

This increased tasking, mission expansion, and the endless requests for training and assistance are unprecedented in the experience of the SAAs, and will require significantly increased staffing. Just as the DVA was forced to hire new personnel

to handle the demands of the Post-9/11 GI Bill, so to, the SAAs must hire in order to be able to properly carry out these additional training and supervision requirements.

SAAs are part of a “DVA/SAA/VCO/Benefit Recipient” network and continuum. Now that the tasking for all parts of this network has rather dramatically increased, SAAs must be funded and staffed to the new missions or the entire benefit chain will suffer accordingly.

The current funding level for all of the SAAs is unrealistically low given this new environment. SAA funding has remained at the \$19 million level for four (4) years while during that period the cost of living has increased by roughly 15 percent. In order to efficiently and effectively accomplish the expanded Post-9/11 GI Bill missions, at a minimum, SAAs require an additional \$15 million over the next three (3) years, and we recommend that it be phased in over a 3 year period, \$5 million in 2010, \$5 million in 2011, and \$5 million in 2012.

When Chapter 33 was announced the VA was allowed to hire over 500 new personnel in recognition of the additional work burdens imposed by the Post-9/11 GI Bill. The SAAs, by contrast, have not been in a position to hire, because of static funding, even though the Post-9/11 workload has ballooned for the SAAs as well.

SAAs are a critical part of a DVA/SAA/SCO/benefit recipient continuum. The educational benefit stream to all benefit recipients flows right through the SAAs as well as the VA, and without a fully functioning SAA, veterans and other benefit recipients will not receive their educational benefits in a smooth, orderly, and timely fashion, and that would deny them the best possible service which Congress expects and our veterans have earned and most surely deserve.

In closing, Mrs. Chairwoman, I want to sincerely thank you and this subcommittee for the opportunity you have provided NASSA today to explain why it is so necessary that the SAAs be given the resources to carry out the expanded and critically important missions that arise from the implementation of new Post-9/11 GI Bill. We would be happy to respond to any questions.

Section II. SAAs Mission Expansion as a result of the Post-9/11 GI Bill

Historical Background: Shortly after its enactment, Congress requested that the states provide assistance with the administration of the Servicemen’s Readjustment Act 1944. It has always been the responsibility of states to:

1. Assist the Federal Government in preventing waste, fraud and abuse
2. Insure the credibility of the learning experiences in which veterans engage
3. Assist veterans in making a successful transition from the military to the civilian world

In order to carry out these missions and achieve their objectives, State Approving Agencies (SAAs) were created. The constitutional basis for this is the legal principle that, if not mentioned in the Constitution, a task remains the function of the states. Since education is not specifically mentioned, the states, and not the Federal Government, retain responsibility for the education in their respective states.

Hence, State Approving Agencies are to work in concert with the Department of Veterans Affairs on behalf of the Congress and the President to achieve the above objectives. Currently Chapter 36 of Title 38, U.S. Code provides the guidance on how the states are to fulfill their responsibilities in the administration of the GI Bills, while also establishing the parameters for the types and levels of interaction that are to occur between the Federal Government (VA) and the states (SAAs). The separate and distinct responsibilities of both the states and Federal Government are clearly spelled out in the Code.

Section 3674(a) (1) authorizes the Secretary of the Department “to enter into contracts or agreements” and addresses the nature of the Secretary’s responsibilities in terms of covering the expenses incurred by states, and indicates, “. . . , the Secretary is authorized to enter into contracts or agreements with the State and local agencies to pay such State and local agencies for the reasonable and necessary expenses of salary and travel incurred by employees of such agencies and an allowance for administrative expenses . . .”

Section 3674(a) (4) specifically provides the amount of the funds that will be made available to states to carry out their responsibilities, and the funds are viewed as a non-discretionary expenditure.

SAAs are the “face” of the GI Bill at the state level and they make major contributions to the success of the various GI Bills in many ways. These contributions far exceed the proportionate amount of funds received by these agencies when compared to the amount of benefits provided to veterans and other GI Bill eligible persons.

In order to carry out its expanded SAA missions in the light of the new GI Bill, SAAs will require close to a doubling of the current funding over the next three (3) years.

SAA Missions:

- 1) Making determinations regarding the quality and integrity of all kinds of learning experiences (institutional, job training, flight, correspondence, etc.)
- 2) Working with employers to develop and enroll veterans in job training programs (Apprenticeships and OJT)
- 3) Assessing and approving tests for professional and occupational licensing and certification
- 4) Advocate for veterans at state and local levels, and serve as gatekeepers for the GI Bill
- 5) Provide insights to the DVA and Congress on changes necessary to make the GI Bills more relevant and responsive
- *6) Performing outreach activities to increase the utilization of the GI Bills including; briefings during transition assistance programs (TAP) and retirement seminars, and sending out mailings to recently discharged veterans and Selected Reserve personnel
- *7) Provide advice and guidance to veterans, guard, reservists, and other GI Bill benefit recipients, as well as educators, trainers and others who counsel veterans
- *8) Training VA School Certifying Officials at all educational institutions and job training establishments
- *9) Assist the Federal Government in eliminating waste, fraud and abuse

* Missions expanded as a result of Post-9/11 GI Bill

Mission Expansion: The Post-9/11 GI Bill has dramatically changed the work requirements for the SAAs, specifically the last four (4) of the nine (9) missions listed above. What follows will be a justification for the additional staffing, and other resources for SAAs which are the direct result of the new GI Bill. Staffing and resources are, in turn, dependent upon adequate funding.

Mission #6—Outreach functions: Because many aspects of precisely how GI Bill tuition and fee portions of the educational benefits will be distributed to schools and what benefit recipients will be receiving will be entirely different as of 8/1/09, and because school officials and individual benefit recipients are eager for information, SAAs are being inundated with phone calls, requests for formal briefings, requests for slides and written information.

Given the complexity of the new GI Bill, SAAs are not anticipating any letup for the foreseeable future on these types of requests for information. Over the next year, many in the veterans' education field are anticipating continuing changes and further refinements to policies and procedures.

The new GI Bill bumps up against many other preexisting benefits such as State National Guard Tuition Assistance, Federal National Guard Tuition Assistance, State Tuition Assistance Programs for Combat and/or other types of Veterans, etc., and most of the effected Agencies and Organizations are also clamoring for details and information regarding the new GI Bill.

In short, the onslaught of information requests have exploded and the expansion of that SAA missions must be considered when establishing the proper staffing of the SAAs. This is going to require a significant increase in the current funding levels.

Mission #7—Guidance to benefit recipients and others: This, while similar at the moment to the outreach above, will change dramatically after the new GI Bill goes into effect.

First, because the school officials tend to know SAA personnel, they frequently call directly with in-depth questions and problems. Both questions and problems are likely to swell soon after the effective date of the Post-9/11 GI Bill thereby increasing phone and email traffic, and school officials requesting SAA technical assist visits.

Second, many students are referred to SAA personnel by VCOs and other school officials. The need to respond to the immediate demands of education benefit recipients with time sensitive concerns is a pressing matter and requires careful and, at times, delicate treatment.

Third, when these time sensitive concerns and pressing matters, i.e., congressional inquiries and other exacting interactions, are rushed or can not be given

timely consideration due to inadequate SAA staffing, additional problems arise for all concerned. A fully funded SAA staffing would alleviate this problem.

Finally, additional SAA funding will be needed to address the increased dissemination of information and problem solving that will be created by the Post-9/11 GI Bill and its Yellow Ribbon component. This increased tasking will increase exponentially as the GI Bill goes forward and that, in turn, will increase the SAA's operating costs.

Mission #8—VCO Training: As introduced above, the amount of training now required by school officials (VCO or SCO) has increased in the wake of the Post-9/11 Bill. This is particularly true with respect to the reporting requirements for housing and tuition and fee rates.

Chapter 33 imposes a series of brand new and complex tasks which School Officials, of varying levels of expertise, will be required to undertake. It is difficult to capture a true sense the scale and enormity of the information which must be conveyed, and in many cases then revisited again with various School Officials and others. School officials, who up until now, have had little to do with either the VA or the SAAs, are being brought into the mix as a result of the direct tuition payment provisions of the new bill, and massive requests for assistance from the SAAs are emerging and will continue to grow.

Mission #9—Prevention of Waste, Fraud and Abuse: Perhaps none of the missions discussed so far will require more additional SAA manpower to carry out properly than prevention of waste, fraud, and abuse. Fact is, changes in rate of pursuit, which under the Montgomery GI Bill would have had negligible consequences, will now have an enormous impact.

One must bear in mind that overpayments are typically caught only by the combination of vigilant supervisory visits where extensive and comprehensive record checks are conducted by the SAA personnel, and/or by thorough compliance surveys by VA personnel. Only additional manpower resources will make it possible to ensure that any changes in rate of pursuit or residency are caught and reported.

The new provisions of the Yellow Ribbon program may generate considerable overpayments. Supervisory visits will now have to ensure that the school has followed all of the correct procedures with respect to the special case of these Yellow Ribbon overpayments.

Summation: The SAAs have not had an increase in funding in the last four (4) years. When Chapter 33 was announced, the VA was allowed to conduct a significant hiring of over 500 new personnel in recognition of the additional work burdens imposed by the Post-9/11 GI Bill.

The SAAs, by contrast, have not been in a position to hire even though the Post-9/11 workload has ballooned for these agencies as well. The benefit stream flows through the SAAs as well as the VA, and without a fully functioning SAA, veterans and other benefit recipients will not receive their educational benefits in a smooth, orderly, and timely fashion.

SAAs/States need funding stability in order to maximize their contributions to the success of the GI Bills. A predictable stream of funding allows States to plan and execute activities to meet the needs of veterans and the requirements of the law. Many SAAs are comprised of one full time professional staff person—some have only a part time person.

Program approval and monitoring activities, especially those associated with apprenticeship and other on-the-job training programs, require expertise and timely action. A predictable stream of funding also means providing some level of flexibility of SAAs to access additional funds from those available nationally, should the need arise. The lifting of personnel hiring freezes within a state or a sharp increase in veteran participation in job training programs, for example, place additional demands upon an SAA's budget. Many times these shortfalls can be met if the opportunity to use remaining Federal funds is available through the supplemental process.

Section 3674(a)(4) specifically provides the amount of the funds that will be made available to states to carry out their responsibilities. The fact that the amount is specifically stated in law and is viewed as a non-discretionary expenditure highlights the importance that the Congress has placed on state involvement in the administration of the GI Bills and state's commitment to our Nation by insuring that the GI Bills remain the premier educational assistance programs in our country, bar none. Veterans deserve no less.

Section III. Answers to specific questions posed by the committee.

Q. How is funding allocated across the 50 states: How is funding determined per state for each SAA agency?

Beginning in Fiscal Year 2008, the United States Department of Veterans Affairs implemented a new funding formula for allocating funding to each of the State Approving Agencies. This formula used three factors, active facilities, a cost of living factor, and a 3-year rolling average, to determine a State Approving Agency's allocation.

The VA defines an active facility as an approved institution of higher learning, non-college degree program, apprenticeship, or on-the-job training program, in which a veteran received GI Bill benefits for training at a facility at any point during a defined period. This period has generally encompassed a twelve-month period ranging from April 1 to March 31 of the following year.

The VA used the Office of Personnel Management's locality payment from the wage scales for Federal employees to provide a cost of living factor in their funding allocation formula. The VA formula used the headquarters of the State Approving Agency to determine each State Approving Agency's locality payment.

To determine each State Approving Agency's allocation, the VA first determines the number of total active facilities for each State Approving Agency. In doing so, the VA counts both apprenticeship and on-the-job training programs as only one-half ($\frac{1}{2}$) of an active facility, while it counts institutions of higher learning and non-college degree programs as one (1) active facility.

Once the VA computes the total count of facilities per State Approving Agency, they then multiply this number by the locality factor to determine an adjusted total active facility count.

The VA then adds up the adjusted active facility count for each State Approving Agency to determine the national total of adjusted active facilities, and then divides each State Approving Agency's adjusted active facilities count by the national total of adjusted active facilities count to determine each State Approving Agency's percentage of the total appropriation.

For instance, if a State Approving Agency had 100 adjusted total facilities and the national adjusted facility total was 10,000, this State Approving Agency would receive 1 percent of the total appropriation for State Approving Agencies.

The last step in the State Approving Agency funding allocation formula is the application of a 3-year rolling average. In applying this step, the VA was attempting to alleviate major variances in funding from one fiscal year to another and to level funding over a 3-year period.

Q. Provide a breakdown of how funding is spent.

The SAA funding is based on a cost reimbursement model. As outlined in Article IX of the definitive State Approving Agency contract, funds are provided for "salary and fringe, travel, administrative allowance, and outreach."

SAA salaries tend to vary rather widely from state to state, due to the fact that the 59 separate SAAs are found in a total of 22 types of different agencies within the various states. Each SAA has its own salary structure, and each is unique as a function of the prevailing regional economic condition.

The fringe costs would again be unique by state, as the cost of health care and the retirement arrangements vary widely.

Travel costs vary not only as a function of the prevalent economic conditions in a given region, but also as a function of the size and population density of the state as well as the number of offices the SAA runs, and whether personal, state, or rental cars are used, etc.

The administrative allowance pays for items such as computers, fax machines, copiers, shredders, and office furniture, rent, phones, utility bills, office supplies and the like.

Outreach costs can cover printing, advertising, required travel, postage, media costs, and all of the attended costs which surround getting the information out regarding Chapter 33.

In short, SAA funding is converted directly into service to veterans by having the staff necessary to conduct approval visits, technical assistance, training, supervision, outreach, etc.

Q. What is the structure of the State staffing level:

Historically, SAA staffing funding formulas were negotiated by the NASAA Contract Committee Chair and the Education Services Director as prescribed in DVA M-22. During that period parties concerned developed a staffing formula based on a ratio of active institutions to the number of field professionals.

In FY08 DVA changed the funding formula by changing count ratio from the prior IHL/NCD:APP/OJT ratio from 1:1 to 1:0.5. This significantly changed each agency's percentage of the national workload, and this, in turn, resulted in some states being underfunded and some states being overfunded. This situation can be mitigated through the "supplemental funding process" which redistributes de-obligated funds from those states who could not expend their total contract amount to those states needing to be made whole because of underfunding.

Presently, SAA staffing level structure is based on its percentage of a national workload average without regard to salary structure.

The structure of State Approving Agencies' staffing varies from state to state. Although there are standard Federal qualifications for an SAA professional positions, each state ultimately determines professional qualifications and pay grades, e.g., New York State SAA professionals must possess a graduate degree and have significantly higher or vocational education work experience, whereas, other states have different, and, in many cases, lesser qualifications.

Therefore, there is no one single staffing structure because each state operates as an independent entity. The present funding formula does not take this variable into consideration when allocating Federal funds to the state. This contributes to some states being overfunded and others underfunded.

Q. What type of outreach are the SAAs specifically doing for the Post-9/11 GI Bill and other programs (i.e. radio advertisements, handouts, etc)? Please provide a breakdown of outreach efforts.

State Approving Agencies have always conducted extensive outreach programs designed to educate all concerned parties including veterans, VSOs, college and university officials, employers, and the general public, and presentations are routinely made to professional associations, public and private fraternal organizations, as well as TAP briefings concerning all the Chapters of the GI Bill are regularly scheduled to all military installations.

SAAs use all types of outreach materials including: mailings to veterans, posters/advertisements to key public and private institutions, and monthly newsletters to National Guard, reservists, and recently separated veterans. In addition, NASAA has developed films and CDs to be used in public service announcements and to be presented in public meetings, to veterans' service organizations, and workshops, and advertisement is provided via billboards and posters while TV and radio interviews have been conducted on both the local and national levels.

But, the need to bring the schools up to speed on Chapter 33 has vastly increased the amount of outreach being demanded of the SAAs. Special Chapter 33 workshops are being set up all over the state by the VA, National Guard, Air National Guard, the SAAs, as well as the public and private IHLs, and IHL consortia. And, the SAAs are being overwhelmed by the number of requests they are receiving for information sessions regarding the new Bill.

Q. The purpose of the SAA is to approve programs of study, has the role of the SAA grown beyond its original scope? If so how has the role of the SAAs evolved? Please provide specific details and examples.

The original purposes for the establishment of the State Approving Agencies are as relevant today as they were at the close of WWII when Congress requested the state's assistance in the administration of the Servicemen's Readjustment of 1944, and those have always been to: Approve programs of study thereby ensuring the credibility of the learning experience in which veterans engage, assist the Federal Government in waste, fraud and abuse, and assist veterans in making a successful transition from military to civilian world. However, the role of the SAAs has definitely grown beyond the original scope.

In the early years of this decade the SAAs picked up the additional outreach mission, and this resulted in expansion of the apprenticeship and OJT approvals which increased both GI Bill benefits and SAA workload.

However, as discussed above, the most dramatic role expansion has come about directly because of the new requirements which arise from Chapter 33.

Outreach demands have quadrupled, direct guidance to various parties through technical assistance, phone, e-mail, and visits have been increasing at a staggering rate, the requirement to provide in-depth training to veterans and school officials is at unprecedented levels, and because of the amounts of money involved, the new calculational requirements being levied on the Certifying Officials, the complexity of the reporting, supervising, and auditing requirements, the importance of preventing waste, fraud, and abuse will reach new levels.

SAAs are part of a network and continuum that exists DVA/SAA/VCO/Benefit Recipient. Now that the tasking for all parts of this network has significantly in-

creased, SAAs must be funded and staffed to the new missions or the entire chain of benefits will suffer accordingly.

A specific example of what can arise without sufficient SAA resources would be an IHL with a new program which does not make it into WEAMS so that the student can receive his educational benefits because the SAA did not have sufficient staff to schedule a timely supervisory/reapproval visit.

Q. How has the new more expansive role impacted the SAAs ability to provide the services originally intended and is the current funding level sufficient.

The new more expansive role as outlined in the aforementioned testimony has strained and in some cases exceeded the current resources of the SAAs: First, funding has remained at the \$19 million level for four (4) years. During that period the cost of living has increased approximately 15 percent. Second, over those 4 years the SAA workload has increased significantly particularly since the enactment of the Post-9/11 GI Bill.

Therefore, realistically, the \$19 million is an unworkable number, and after a careful analysis it was determined that in order to efficiently and effectively accomplish the SAAs mission, at a minimum an additional \$15 million would be need over the next three (3) years.

The additional funding should be phased in over a 3 year period. This 3 year ramp-up, \$5 million in 2010, \$5 million in 2011, and \$5 million in 2012 would give the SAAs time to systematically higher additional staff and increase support activities, i.e., supervision, outreach, travel, etc.

As mentioned earlier, when Chapter 33 was announced the VA was **allowed to hire over 500 new personnel** in recognition of the additional work burdens imposed by the Post-9/11 GI Bill. The SAAs, by contrast, have **not** been in a **position to hire**, because of static funding, **even though** the Post-9/11 **workload has ballooned** for the SAAs as well. The benefit stream flows through the SAAs as well as the VA, and without a fully functioning SAA, veterans and other benefit recipients will not receive their educational benefits in a smooth, orderly, and timely fashion.

Section IV. Conclusion and SAA Survey Data

Finally, as part of the effort to explain to the Congress the importance that SAAs play in the delivery of educational benefits to those entitled we are including some results which we obtained as part of an on-going project to develop outcome measurements for State Approving Agencies.

NASAA distributed a survey to school certifying officials to get their views on SAAs and their work. Two thousand one hundred and sixty-six school officials in 21 states responded. About two-thirds of the respondents work at colleges or universities, and the rest work at non-college degree schools or job training establishments.

Respondents represent states from all regions of the country, and there is a balanced mix of small and large states. While the sample was not designed as a statistically representative sample, it does appear to represent a good cross-section of certifying officials around the country.

Some 60 percent of the respondents have worked with veterans' education programs for more than four (4) years, indicating relatively broad experience in the sample group. Most respondents spend less than half of their work time dealing with veterans' education.

Acknowledging that the SAAs' primary responsibility is the review and approval of education and training programs, the survey sought information about other, "value added," services that SAAs provide to schools and training facilities. Several significant findings emerged, all centered around the issue of how certifying officials get information, training, and assistance to do their jobs.

We asked certifying officials to indicate their primary source of training on how to do their jobs, excluding specific training on VA's online certification system, VA ONCE. **Forty-four percent** of those responding said their primary source is their State Approving Agency (SAA). **Twenty-eight percent** said VA was their primary source. The remainder said that professional organizations and associations served as their primary source.

When asked where they would turn first for answers to general questions about VA education programs, 27 percent said they would contact their State Approving Agency. Not surprisingly, 70 percent said they would contact VA first. Regardless of the source of help, 97 percent of respondents said they are satisfied with the answers they receive.

In a more specific question, respondents were asked to indicate their first source of help for several different issues. Not unexpectedly, 82 percent turn first to SAAs for help with program approval issues, and 74 percent turn first to VA for status of payment inquiries. However, for “support services,” 44 percent turn first to the SAA and 39 percent turn to VA.

Eighty-five percent of respondents agreed that their SAA “explains everything to my satisfaction, especially when a problem is discovered.” Seventy-eight percent agree that SAA supervisory visits “are informative and helpful.” More than 86 percent agree that SAAs are “knowledgeable,” “dependable and helpful,” and “respond ... in a timely manner.”

An overwhelming **91** percent said that they feel their State Approving Agency (SAA) is “**a vital support asset**” to them in doing their jobs as certifying officials.

Based upon these observations, we conclude that State Approving Agencies provide—and have for years provided—significant service beyond simply approving programs. It is apparent from these data that many certifying officials see their State Approving Agency as a necessary partner in managing and implementing the various GI Bill and VA education programs. Most do not do this work full-time and they need to have a responsive source for answers and advice. For many, that source is the State Approving Agency.

SAAs provide significant value-added service to VA through their interactions with certifying officials. Timely supervisory visits and the information provided during them can reduce the number of questions directed to VA staff, reducing the amount of time they must spend developing replies. School officials get quicker responses to their questions, resulting in better service to veterans.

SAAs’ involvement with certifying officials also provides invaluable service to the citizens by helping to address issues of fraud, waste, and abuse. Obviously, supervisory visits can uncover instances of overpayments to be addressed by VA, but the SAA-Certifying Official interaction generally serves to *prevent* such instances.

The training and consultation provided by SAAs ensures a better-trained, more confident certifying official, less likely to make mistakes that could lead to benefit overpayments. SAAs’ responsiveness to their schools and training facilities ensures timely and supportive help that enables certifying officials to do a better job.

Finally, “the proof is in the pudding”: certifying officials agree that what their SAAs do is critical to their own success at their schools and facilities. They turn often to SAAs for help when they need it and they agree that they get good response.

Comments from 624 respondents include statements like these:

They are a great wealth of knowledge and are my first line of contact in the chain.

- I have had nothing but the most courteous and prompt assistance with any question or problem that I may have had. I do feel that the SAA is essential in making my job the most efficient that it can be.
- SAA is vital to us. They are always present at our state conference to help the new people to VA on handling catalog/program approvals. Always willing to answer questions and provide assistance.
- I have always had great service! I wish the _____ Regional Office did as good a job at explaining things to veterans when they call.
- They are so much more accessible than VA. I always receive fast, accurate information from the _____ SAA. They always go above and beyond to assist us certifying officials. They make my job easier.
- I have found dealing with the VA Educational Liaison Representative to be very unhelpful. The SAA liaisons have been very helpful.
- The SAA is my first contact with any questions that I have. If they cannot answer the question (which is rare) then they always point me in the right direction. I manage a very small number of veterans, so I do not necessarily become proficient in all aspects of the approval process. This means that I rely heavily upon the SAA and they have always provided very good assistance.

In closing, Mrs. Chairwoman, I want to sincerely thank you and this subcommittee for the opportunity you have provided NASAA today to explain why it is so necessary that the SAAs be given the resources to carry out the expanded and critically important missions that arise from the implementation of new Post-9/11 GI Bill.

**Prepared Statement of Keith M. Wilson,
Director, Office of Education Service, Veterans Benefits
Administration, U.S. Department of Veterans Affairs**

Good afternoon Chairwoman Herseth Sandlin, Ranking Member Boozman, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs (VA) education benefit programs and the role of the State Approving Agencies (SAAs). My testimony will highlight the role of SAAs in serving the needs of VA and our Nation's Veterans. I will specifically address program services, staffing, oversight, SAA outreach activities, and funding provided by the Post-9/11 Veterans Educational Assistance Act of 2008.

Role of the SAAs

VA and the SAAs work together to ensure the successful readjustment of Veterans to civilian life through educational opportunities. VA administers educational assistance to eligible Veterans and dependents, while the SAAs ensure the quality of the educational and vocational programs pursued and monitor the institutions providing education and training to veterans.

Title 38 United States Code establishes the parameters for the relationship between VA and the SAAs. Section 3671 requests that each state create or designate a state department or agency as the "State Approving Agency." SAAs are charged with approving courses in accordance with the provisions of chapters 34, 35 and 36 of title 38, including apprenticeship programs. They also conduct outreach programs and provide outreach services to eligible persons and Veterans about education and training benefits available. Under contracts with VA, SAAs ensure that education and training programs meet federal VA standards through a variety of approval activities, such as evaluating course quality, assessing school financial stability, and monitoring student progress. VA currently has contracts with 57 SAAs.

The FY 2009 SAA contracts include efforts to support the Post-9/11 GI Bill, which is effective August 1, 2009. While the role of the SAAs generally remains the same, the contract requires the SAAs to perform duties that support all other VA education programs in addition to the Post-9/11 GI Bill.

The SAAs have expanded outreach to ensure awareness of the Post-9/11 GI Bill, and VA recently used the SAAs to verify their states' highest in-state public school tuition and fee rates for the 2008/2009 and 2009/2010 academic years to support the Post-9/11 GI Bill.

GAO Report

In response to a GAO report, "VA Student Financial Aid: Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies" (GAO-07-384, March 2007), VA implemented a tracking and reporting system and established outcome-oriented performance measures to assess the effectiveness of the SAAs. VA receives quarterly reports, supervisory visit reports, and outreach reports from each SAA. VA uses these reports to monitor SAA performance. SAAs also submit quarterly reports on the number of approvals and supervisory visits completed, technical assistance provided, outreach conducted, and staff training completed during the quarter.

VA developed performance measures to improve the efficiency and effectiveness of the SAAs. The performance measures were implemented on November 1, 2008, and provided to the SAAs with their fiscal year (FY) 2009 contracts. The performance measures include performance targets and methods for SAA approval activities and supervisory visits. One measure requires the SAAs to visit 80 percent of their assigned active educational institutions and training establishments, while other measures require the SAAs complete 90% of the program-approval packages within 30 days of receipt of the completed application package; obtain a Joint Peer Review Group rating of satisfactory; and respond to 95% of the program-approval inquiries within 14 days.

Staffing and Funding for SAAs

The current SAA staffing levels are adequate based on the number of active facilities in each state. These staffing levels provide for the successful completion of SAA contract responsibilities. VA's focus is on outcomes. Therefore, VA primarily concentrates on whether or not contractual obligations are met and less on the specific staffing levels utilized to meet the requirements.

The present SAA funding allocation model has been used since FY 2007 and was developed with input from the SAAs. The allocation is based on active institutions within each state. Active institutions include both institutions of higher learning (IHLs) and non-IHLs such as apprenticeship and on-the-job training (OJT) programs. All funds provided by statute are allocated at the beginning of the year.

Each SAA receives a proposed contract toward the beginning of each year specifying the dollar amount of the contract. The SAA then provides a business plan that delineates the proposed actions and performance levels it will accomplish for the specified contract amount. If the business plan is accepted by VA, VA and the SAA enter into a binding contractual obligation to provide all services in the SAA's business plan for the dollar amount offered.

The SAA's reimbursement contracts require that SAAs provide salary, travel, administrative expenses, outreach activities, and subcontract (if needed) dollars annually. The current \$19 million funding level provided by the Post-9/11 Veterans Educational Assistance Act for 2008 is sufficient to meet SAA contracted requirements. Normally, all statutory funds available for SAAs are not expended. Often, SAAs will return funds to VA based on position vacancies, reduced travel expenses, or other unanticipated reductions in funding needs. Traditionally, funds remaining at the end of each FY are redistributed to SAAs to support efforts conducted beyond the minimal requirements of the contract. These supplemental awards are approved on a case-by-case basis.

SAA Outreach

VA continues to monitor the outreach activities of the SAAs. The FY 2009 SAA contracts were revised to require the SAAs to provide outreach visit reports to VA. In addition, VA requested SAAs complete an outreach questionnaire in April 2009 on specific efforts related to the Post-9/11 GI Bill. The questionnaire responses and the outreach visit reports indicate SAAs are performing specific outreach for the Post-9/11 GI Bill. Some examples are: a 6-week radio campaign that highlighted the Post-9/11 GI Bill; letters regarding the Post-9/11 GI Bill provided at Transition Assistance Program briefings; newsletters; Governor's letters to recently discharged veterans; articles in local publications; presentations on the Post-9/11 GI Bill at school conferences, job fairs and veterans and military resource fairs; and presentations to military and veterans groups.

SAA Oversight

VA has enjoyed a longstanding positive relationship with the SAAs. As with any relationship, however, we are continually engaged with the SAAs to identify areas for improvement. For example, in FY 2008 five SAAs received a minimally satisfactory rating or an unsatisfactory rating from the Joint Peer Review Group (JPRG). The JPRG evaluates and verifies the activities of the SAAs and makes rating recommendations. Some of the ratings were based on problems in meeting contractual obligations, such as approval return rates or failures to timely process approvals. These instances occur rarely. Overall, VA is pleased with the performance of the SAAs.

Mission and Recommendations

The SAAs' mission is clearly defined in statute. The SAAs have contributed to the administration of education programs relatively free of waste, fraud, and abuse. We and the SAAs are proud of that success. As VA education programs and the education community change, we look forward to meeting the future challenges.

The Veterans Benefits Improvement Act of 2008, Public Law 110-389, amended 38 U.S.C. 3673 to provide that the Secretary shall take appropriate actions to ensure the coordination of approval activities performed by SAAs under this chapter and chapters 34 and 35 of this title and approval activities performed by the Department of Labor, the Department of Education, and other entities in order to reduce overlap and improve efficiency in the performance of such activities. In its July 2009 report to Congress, "Coordination of Approval Activities in the Administration of Education Benefits," VA recommended legislation that would give the Secretary authority to act on any findings of duplicative efforts. Section 3672 provides that a veteran or eligible person may not receive educational assistance unless the program is approved by the SAA as provided for under the provisions of chapter 36 of title 38. In a limited number of situations, the Secretary rather than the SAA has jurisdiction of approval of courses and programs. In addition, other provisions within chapter 36 provide the criteria the SAA must apply when determining whether or not a course or program may be approved under chapter 36. For example, section 3675 provides criteria for accredited course approval. By statute, the SAA must review accredited programs and determine if they meet the approval criteria in section 3675. We believe, for example, expanding the Secretary's authority to accept registered apprenticeship programs or flight approvals from the Department of Labor or the Federal Aviation Administration would enable more effective use of SAA resources. Such legislation would allow VA to accept some accredited programs without a separate evaluation by the SAA.

VA also suggests in the report that chapter 36 be amended to give VA discretion to accept certain courses or programs of education, such as accredited programs offered by public institutions, without specific SAA approval unless VA determines it is necessary to seek such approval. Such amendments, if enacted, could streamline the statutory responsibilities of the SAAs and allow for more effective utilization of existing resources.

VA further recommended that chapter 36 be amended to authorize the Secretary to utilize the SAAs for compliance and oversight activities as the Secretary deems appropriate. This would allow VA to utilize SAAs to perform some of the compliance and review visits that VA currently conducts. VA may wish to expand compliance reviews to cover more records and review more financial information, especially tuition and fee charges and administration of the Yellow Ribbon program.

We believe the proposed amendments would be cost neutral since the funding currently utilized to approve programs would be utilized to enhance outreach, compliance, and oversight activities.

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

**Statement of Kathryn M. Snead, Ed.D.,
President, Servicemembers Opportunity Colleges, Washington, DC**

Thank you for the invitation to testify on the Evolution of State Approving Agencies and their link to the Servicemembers Opportunity Colleges Consortium of which I am its president. (See my curriculum vitae attached.)

Servicemembers Opportunity Colleges (SOC) functions to expand and improve voluntary postsecondary education opportunities for servicemembers worldwide. SOC was created in 1972 to provide a vehicle to help coordinate voluntary postsecondary educational opportunities for servicemembers, many of whom frequently move from place to place and experience difficulty in completing college degrees. SOC is funded by the Department of Defense (DoD) through a contract with the American Association of State Colleges and Universities (AASCU). It is cosponsored by AASCU and the American Association of Community Colleges (AACC), in cooperation with 13 other American higher education associations, all the United States Military Services, the National Guard, and the Coast Guard.

The SOC Consortium, comprised of more than 1800 college and university members, enrolls hundreds of thousands of servicemembers, their family members, and veterans annually in associate-, bachelor-, and graduate-level degree programs on school campuses, military installations, and armories within the United States and overseas, and through distance learning and learning assessment. SOC Consortium institutions have pledged to support the higher education needs of the military servicemember. Additional information regarding SOC College Consortium Membership and SOC programs and services can be found on the SOC Web site: <http://www.soc.aascu.org/>.

One of the initial conditions for SOC Consortium Membership is that institutions must be approved for veterans' education benefits by the appropriate State Approving Agency. Since our organization's inception in 1972, we have trusted and relied upon the work of the State Approving Agencies to validate the credibility and integrity of the educational experiences within each state. We set great stock in their professionalism and diligence to make quality determinations about educational programs of study. In essence, membership within our consortium depends upon the institutional assessment of learning experiences conducted by the State Approving Agencies. The expanded roles placed on the State Approving Agencies could impact the execution of existing services and responsibilities if sufficient funding and staff resources do not keep pace with their workload and commitments.

With the August 1, 2009 rollout of the Post-9/11 GI Bill, it is highly anticipated that colleges and universities will experience an increase in applications. The Department of Veterans Affairs predicts that as many as 100–125,000 additional veterans may use their education benefits over the next 2- to 3-year period. It remains uncertain how many servicemembers still on active duty will transfer their education benefits to spouses and dependent children in the coming years. While we may not have exact figures as to numbers of veterans and servicemembers who will use their education benefits, the implementation of the Post-9/11 GI Bill will significantly expand the roles of State Approving Agencies (SAAs). Over the course of the current fiscal year and certainly in the next one, the State Approving Agency's role will definitely evolve and expand in the following three areas:

1. SAAs are being held responsible for collecting, verifying, and reporting in-state tuition and fees information upon which the payment structure of the Post-9/11 GI Bill is based. This is foundational to the implementation of the new GI Bill as currently written.
2. SAAs provide outreach functions about precisely how the GI Bill tuition and fee portions of the education benefits are distributed to schools and what benefit recipients can expect to receive. Both school officials and benefit recipients are eager for accurate and timely information. SAAs are inundated with requests, albeit by telephone, fax, and e-mail, for formal briefings, slides, written information, whatever can be made available. Due to established institutional relationships within the state, SAAs are expected to provide timely outreach and training to institutional certifying officials. SOC has a concern of whether this evolving outreach and training function can be accomplished given limited resources now being made available to support SAAs.
3. SAAs have an important mission to help prevent waste, fraud, and abuse. The payment provisions and the complexity of the Post-9/11 GI Bill lend themselves to enormous problems in this area. The new provisions of the Yellow Ribbon program alone may well generate considerable overpayments. SAA personnel often catch, by a combination of vigilant supervisory visits and extensive and comprehensive record checks, overpayments. Only through an increase of well-trained manpower resources can these functions be managed effectively.

In recent months we have experienced a significant increase in complaints/concerns about inappropriate promotions, advertisements, and enrollment inducements from institutions. These advertisements and enrollment incentives are targeting the "new" veteran market. It appears that SOC's Standards of Good Practice don't sufficiently address enrollment incentives or inducements that might unduly sway servicemembers/veterans in their college decisionmaking process. Though I have convened a Task Force consisting of representatives from the accreditation community, the higher education associations, and the Departments of Defense and Veterans Affairs to help establish a common baseline for marketing higher education to servicemembers and veterans, the potential for fraud and abuse related to the payment of veteran educational benefits requires collaborative efforts across governmental agencies and the higher education community to minimize or deter fraudulent claims. In their outreach role, SAAs can assist and reinforce standards of good practice with school officials to ensure good practice in their institutional marketing and advertising. SAAs are well positioned within their states to observe, identify, and eliminate fraudulent/abusive practices. But they must be resourced appropriately in order to perform their missions.

In this testimony I elect to emphasize one final specific aspect of the informational challenge that both military students and veterans face when accessing postsecondary education: access to accurate AND appropriate college information. Many of our servicemembers and veterans are first generation college applicants who lack general knowledge about the college search, selection, and admission process. They rely heavily upon the guidance and assistance of college admissions personnel as their primary source of reliable information. The outreach roles that SAAs have undertaken are paramount for insuring that college personnel have accurate knowledge and training to help veterans and their families access the correct information sources, procedures, and necessary support for enrolling in postsecondary education. They have established excellent rapport with institutions of higher learning in their states and have become a trusted source of accurate information for the higher education community. SAAs' pivotal informational role is extremely important so that veterans are appropriately advised and enrolled by college personnel.

We welcome partnership opportunities to limit and prevent abusive practices. SAAs are well positioned within their states to observe, identify, and eliminate fraudulent/abusive practices. But they must be resourced appropriately in order to perform their missions.

MATERIAL SUBMITTED FOR THE RECORD

Committee on Veterans' Affairs
 Subcommittee on Economic Opportunity
 Washington, DC.
July 20, 2009

The Honorable Timothy H. Bishop
 U.S. House of Representatives
 306 Cannon House Office Building
 Washington, DC 20515

Dear Congressman Bishop:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on Subcommittee on Economic Opportunity "*The Evolution of State Approving Agencies*" on July 16, 2009. Please answer the enclosed hearing questions by no later than Monday, August 31, 2009.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

**Follow-up Questions from the House Committee on Veterans' Affairs
 Subcommittee on Economic Opportunity
 Hearing on The Evolution of State Approving Agencies
 July 16, 2009**

Submitted for the Record

1. *As an administrator at the Southampton College in Southampton, New York, were there any problems or concerns that you felt needed to be improved upon concerning the SAA's?*

a. *If so what would you change or improve?*

Answer: As the Provost of Southampton College, I do not recall receiving any complaints concerning the approvals for the GI Bill or the veterans' certifications.

2. *In your testimony you said that you were visited once a year by an SAA representative. Was that enough or do you think your school would have benefited from more visits?*

Answer: At the time, once a year appeared to be enough. However with the onset of the Post-9/11 GI Bill, more visits may be necessary.

3. *What was the number one concern that student veterans had at Southampton College?*

a. *Were the SAA's able to resolve the problem?*

Answer: The veterans' worst problem would have been to sign up for a program that was not approved and have the claim denied for this reason. One purpose of the annual visits was to update the approvals and, for the most part, this problem was avoided. When problems did occur, however, the SAA always acted very quickly to get the program approved and the vet paid.

Committee on Veterans' Affairs
 Subcommittee on Economic Opportunity
 Washington, DC.
July 20, 2009

Mr. Mark Walker
 Deputy Director, National Economic Commission
 The American Legion
 1608 K Street, NW
 Washington, DC 20006

Dear Mr. Walker:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on Subcommittee on Economic Opportunity "*The Evolution of State Approving Agencies*" on July 16, 2009. Please answer the enclosed hearing questions by no later than Monday, August 31, 2009.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

American Legion
 Washington, DC.
August 31, 2009

Honorable Stephanie Herseth Sandlin, Chair
 Subcommittee on Economic Opportunity
 Committee on Veterans' Affairs
 U.S. House of Representatives
 335 Cannon House Office Building
 Washington, DC 20515

Dear Chair Herseth Sandlin:

Thank you for allowing The American Legion to participate in the Subcommittee hearing on The Evolution of State Approving Agencies on July 16, 2009. I respectfully submit the following in response to your additional questions:

1. Are there any portions of the SAAs current missions that are better suited for the VA?

Currently, VA is overwhelmed with the current workload. They have neither the experienced personnel nor the time or travel budget to assume SAA responsibilities. At this point in time, we do not believe any SAA functions should be transferred to the VA as the SAA's are the liaison to the education/training community, military organizations, veteran service organizations (VSOs) and veterans at the State and local level.

2. If the SAAs were abolished today what would be the result?

If the SAA were abolished the SAA missions would be assumed by the VA; consequently, service to America's veterans would suffer as would the quality of education received by GI Bill recipients. The VA is becoming a regional processing center designed to pay veterans benefits with a limited capability to interact with the veteran education community at the State and local level. It is the SAA that meets and deals with GI Bill constituencies: universities/college official, veteran certifying officials, VSO, non-degree school owners, employers, and most importantly veterans. As previously mentioned, VA is stretched to the limit and overwhelmed now with education benefits payment processing and does not have the necessary resources,

i.e., experienced personnel and travel budget to assume the additional taskings that would be required. SAA personnel are already qualified, State employees and cost less than Federal employees as their retirement is borne by the respective States and not by the Federal taxpayer. Also, the reason SAA's were created stems from the fact education remains a constitutionally mandated State not a Federal, responsibility. The American Legion supports SAAs and recommends \$24 million for their FY 2011 budget so they can handle their expanded missions in light of the Post-9/11 GI Bill.

Thank you for your continued commitment to America's veterans and their families.

Sincerely,

Mark Walker, Deputy Director
National Economic Commission

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
July 20, 2009

Mr. Raymond C. Kelley
National Legislative Director
AMVETS
4647 Forbes Boulevard
Lanham, MD 20706

Dear Mr. Kelley:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on Subcommittee on Economic Opportunity "*The Evolution of State Approving Agencies*" on July 16, 2009. Please answer the enclosed hearing questions by no later than Monday, August 31, 2009.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

**AMVETS' Response to the Subcommittee on
Economic Opportunity Hearing Held on July 16, 2009,
"The Evolution of State Approving Agencies"**

- 1. In your testimony, you state AMVETS is concerned that the SAAs spend 36 percent of their time approving and reviewing programs. In your opinion how much time should the SAAs spend approving and reviewing programs?**

It is hard to determine the amount of time that should be spent approving and reviewing programs. Without a breakdown of which programs are co-approved by a regional or national accreditation or the Department of Education, determining time allocation is impossible. A metric must be developed to identify overlap of approving practices. Until this is done, there will be no way to accurately allocate time. It is AMVETS' belief that with so many other accrediting organizations fulfilling similar roles, that approving and monitoring programs should consume the

least amount of time while focusing more time and resources on ensuring that institutions understand their role in ensuring student veteran success.

Regional accreditation standards are much more in depth than SAA's. Depending on the organization, regional accreditations consist of nine to 14 subject areas with multiple subcategories. In AMVETS research, it appears that all the criteria that SAA approved programs must achieve are met by these regional accrediting organizations. The Council for Higher Education Accreditation (CHEA) has approved seven regional, two national, four faith-based, and 46 programmatic accrediting organizations. It appears that each of these organizations assess the five criteria the SAA uses to approve a program. They are: (1) recordkeeping of student progress; (2) recordkeeping of student's previous education; (3) quality, content and length of courses; (4) qualifications of administrators and instructors; and (5) equipment, space, and instructional materials. AMVETS recommends that based on the breadth and depth in which these organizations accredit institutions, a study should be conducted to see which of these organizations meet the SAA criteria and when they do SAA should accept the accrediting and invest SAA accrediting and review time to those programs not covered by other approving organizations.

a. What else should they be doing with their time?

The complaints AMVETS receives from student veterans are not that the program they want to enroll in is not accredited, or that they thought the program was accredited, but rather that the institution does not understand the claims process and that the individual claim has been mishandled by the certifying official and subsequently the veterans' benefit is late and all too often the veteran has been disenrolled for not paying their tuition. Also, there are continuous questions specifically related to educational benefits. These are two roles that fall under the purview of SAA. AMVETS believes that the majority of SAA's time should be spent ensuring institutions know their responsibilities in assisting veterans and reaching out to veterans in the local communities so there is a broader understanding of the veterans educational benefits.

2. In your testimony, you said that the VA developed the Joint Peer Review Group (JPRG). Why does AMVETS feel that the JPRG does not provide accountability of the SAA resources?

Public Law 100-323 requires annual JPRG to meet and evaluate the performance of the individual SAAs. This oversight measure was enacted to ensure veterans are receiving the highest quality education our country has to offer. VA's SAAs were implemented to carry out this oversight and reportedly add value to VA's approval process through focusing on student services for veterans, ensuring the integrity of VA benefits, providing more frequent on-site monitoring of education and training programs that are provided by other agencies, and assessing and approving a small number of programs that are not reviewed by other agencies.

Unfortunately, VA has no way of actually verifying and tracking the actions routinely performed by the SAAs and JPRG has not implemented any type of outside audit of performance. This concern has been presented to Congress numerous times and was even the subject matter of a 2007 OIG report. The first reason AMVETS believes that the JPRG are not accurate in measuring real performance measures due to the fact that most are self evaluations. AMVETS finds it even more concerning that not all SAAs even provide JPRG with their requested self evaluations. This lack of oversight by JPRG and VA's tolerance of such behaviors cannot and will not lead to a successful and effectively run program.

Secondly, neither JPRG nor VA measures the various outputs resulting from SAA activities such as the number of supervisory visits conducted; this lack of outcome performance measures makes it difficult to assess the significance of such activities and the overall effectiveness of SAA personnel. AMVETS recommends the development and immediate implementation of uniformed outcome measures to be used, so that JPRG and VA can have a standard system in which they can fully evaluate SAA performances. This is vital to protecting the integrity of the overall program and ensuring the contractual agreement between VA and the various SAAs' is upheld, and that all SAA personnel are continually updated and trained to current protocol.

How can we know how effectively the JPRG is at evaluating and reviewing SAAs when there is no data provided or standardized measures to compare it to? JPRG is suppose to be ensuring that SAA is providing local resources to investigate alleged violations of VA education regulations, community outreach, as well as representing VA in many program oversight functions. To ensure all proper activities are taking place AMVETS recommends annual program overview audits of random SAAs already evaluated by JPRG to have reliable data to compare and to ensure

that Federal dollars are spent efficiently and the services promised to our veterans are being delivered.

It is noted that neither SAA nor JPRG personnel are VA employees, but rather contractors hired by. As with any Federal contract transparency an evaluation process will yield clearer standards, better performance and a significant savings in funds for VA. Field auditors must know that management and central office reviewers have full visibility and access to their data and results. This should also be true for central office personnel. These practices of contract management help implement a procurement program designed around successful results and accountability. SAA has been awarded a contract of managing and improving the educational futures of our veterans' community and Congress must hold all parties involved accountable.

AMVETS was pleased to see that VA had begun providing performance measures for SAA; however, each of the measures they suggested in testimony only evaluated efficiency, not effectiveness. AMVETS suggests that performance measures be designed to evaluate both efficiency and effectiveness.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
July 20, 2009

Mr. Patrick Campbell
Chief Legislative Counsel
Iraq and Afghanistan Veterans of America
308 Massachusetts Avenue, NE
Washington, DC 20002

Dear Mr. Campbell:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on Subcommittee on Economic Opportunity "*The Evolution of State Approving Agencies*" on July 16, 2009. Please answer the enclosed hearing questions by no later than Monday, August 31, 2009.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

**U.S. House Committee on Veterans' Affairs,
Subcommittee on Economic Opportunity
"The Evolution of State Approving Agencies"**

Follow Up Questions, Patrick Campbell, IAVA Chief Legislative Counsel

1. Do you believe that visiting schools once every 1-3 years is sufficient to monitor the school program?

After attending the annual Western Association of Veterans Education Specialists (WAVES) convention in Oklahoma last month, the true oversight role that State Approving Agencies play during the certification process crystallized in my head. IAVA believes that annual visits by the State Approving Agencies play a critical role in preventing numerous enrollment certification errors. This saves the VA more than the cost of the State Approving Agencies are currently allocated each year.

In addition to approving each campus as a VA approved education program, State Approving Agencies audit the GI Bill records of that campus. The State Approving

Agency compares the enrollment certifications from that school to the information the school provides to the State Approving Agency for GI Bill accreditation. If the State Approving Agency finds any errors they work with the school certifying official to reconcile the books and investigate if the error was an isolated incident or systemic. This annual auditing process gives the certifying officials regular critical feedback which prevents filing errors in the future. If the school certifying official fails to reconcile the books or comply with the audit the school risks losing their VA approval. This is a powerful incentive to comply.

IAVA believes that State Approving Agencies should be conducting annual review of all VA approved programs.

2. Can SAAs spend their time better focusing more on trade schools, 2 year colleges and other small programs?

IAVA believes strongly that by simply focusing State Approving Agencies on a particular type of educational program, such as trade schools, the VA would lose crucial annual audits of GI Bill certifications. The generally high turnover of school certifying officials would result in schools receiving only limited feedback from the VA without the State Approving Agencies annual auditing process.

3. How can we know the true value of the SAAs without an accounting of time, resources, and outcome measures to properly gauge the effectiveness of the SAAs?

The true value of State Approving Agencies is difficult to quantify without clear reporting of performance and outcome measures. IAVA believes that in order to strengthen the quality of State Approving Agencies auditing and approval procedures, clear performance measures should be outlined and assessments should be made public.

4. Do you think that the outreach and GI Bill information session provided by the SAAs to colleges and universities are duplicative work that the VA and other agencies already provide?

Outreach to veterans and school officials about the new GI Bill requires an "all hands on deck" approach. Even with the work of the VA, State Approving Agencies, Members of Congress, and the VSO's, many veterans still do not understand how the new Post-9/11 GI Bill benefits work.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
July 20, 2009

Mr. Justin Brown
Legislative Associate, National Legislative Service
Veterans of Foreign Wars of the United States
200 Maryland Avenue, SE
Washington, DC 20002

Dear Mr. Brown:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on Subcommittee on Economic Opportunity "*The Evolution of State Approving Agencies*" on July 16, 2009. Please answer the enclosed hearing questions by no later than Monday, August 31, 2009.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseith Sandlin
Chairwoman

**JUSTIN BROWN, LEGISLATIVE ASSOCIATE
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES
RESPONSE TO QUESTIONS SUBMITTED BY
CHAIRWOMAN HERSEITH SANDLIN**

SUBMITTED ON SEPTEMBER 1, 2009

1. In your testimony you list 15 missions for the SAAs. In your opinion are any of those better suited for Federal agencies?

The responsibilities listed reflect the roles of SAA's today. Mission statement 7 under NASAA's list, in our testimony, suggests that NASAA are providing direct GI Bill information to veterans. The VFW believes that the most likely conduit for this information should be to either the school of the veteran's attendance or the VA. However, SAA's should be providing similar information to institutions that have questions about the benefit and its implementation.

2. In your testimony you state that overpayments and underpayments will be the most manpower intensive mission. How is this possible if the VA has not made a single payment nor do we know how accurate the VA payments will be in the future?

Our testimony states "NASAA has singled this issue out as perhaps its most manpower intensive mission in consideration of the changes due to the Post-9/11 GI Bill." If a student changes, adds, or drops classes they are potentially changing their rate of pursuit, which could lead to resource intensive over and under payments.

3. Should the mission of the SAAs be curtailed to fit the \$19 million?

SAA's are currently operating at the funding level of \$19 million. The VFW maintains SAA's are underfunded in consideration of their mandated mission. The large increase in the number of veterans attending college calls for additional resources for SAA's to implement the new GI Bill at the local level. The complicated bill specifically demands a great deal of informational resources for schools and institutions, which is a mission that SAA's have continued to provide. Also, due to the sheer size of the new GI Bill more educational programs are going to apply for eligibility, which will further strain available resources.

4. If the funding for the SAAs was increased to \$24 million, what more would the SAAs be doing that is not being done now?

Amplify providing the services they have been mandated to do. The VFW maintains SAA's are underfunded in consideration of their mandated mission. As stated in our testimony, SAAs workload is already dramatically increasing. Without a similar increase in resources, certain responsibilities will be neglected thereby decreasing the programs overall quality for veterans and reducing the insurance of a quality investment for our Federal Government. For the GI Bill to remain the first-rate program it is today, SAAs must have the necessary funding to maintain their critical mission.

Committee on Veterans' Affairs
 Subcommittee on Economic Opportunity
 Washington, DC.
 July 20, 2009

Mr. Charles Rowe
 President
 National Association of State Approving Agencies
 Eggert Crossing Roads
 P.O. Box 340
 Trenton, NJ 08625

Dear Mr. Rowe:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on Subcommittee on Economic Opportunity "*The Evolution of State Approving Agencies*" on July 16, 2009. Please answer the enclosed hearing questions by no later than Monday, August 31, 2009.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseth Sandlin
 Chairwoman

National Association of State Approving Agencies, Inc.
 Harrisburg, PA
 August 28, 2009

The Honorable Stephanie Herseth Sandlin
 Chairwoman
 Veterans' Affairs Subcommittee on Economic Opportunity
 United States House of Representatives
 335 Cannon House Office Building
 Washington, DC 20515

Dear Madam Chairwoman:

The members of the National Association of State Approving Agencies (NASAA) thank you and the Committee Members for the opportunity to provide additional information on the role and responsibilities of State Approving Agencies (SAAs). We sincerely appreciate your time and consideration. During our recent Annual Training and Business Conference, I was elected President. I have been active in the association for over 22 years and was the Vice-President for the previous 2 years.

As you are aware, the role and history of the SAAs dates back to services provided to World War II veterans. Since the first GI Bill, SAAs have worked with the U.S. Department of Veterans Affairs (DVA) to ensure effective implementation of the various GI Bills. The location, size, and exact mission of each State Approving Agency (SAA) have varied depending upon the needs of a particular state.

In short, SAAs are the "face of the GI Bill at the State level." We do work closely with DVA staff (both those stationed in State and at the Regional Processing Offices). An important fact to remember is that there are at least 14 States that do not have any educational DVA staff in the State. We feel that each SAA works with the DVA staff (either in State or out of State) to accomplish the overall mission of serving veterans/reservists/dependents and Certifying Officials.

Enclosed are the responses for the record to the 13 questions. In gathering the necessary information to respond, a survey was sent to all SAAs. We also obtained data from DVA Central Office concerning contract related items. We have included detailed information that hopefully will provide the necessary clarification. If there

are additional questions or other information needed, please feel free to contact me. In addition, we would be available for another hearing.

We sincerely hope that this information provides sufficient documentation to warrant our increase in funding. Also, enclosed is an example of the type of outreach SAAs do. NASAA produced the enclosed video concerning the Post-9/11 GI Bill. You will see that we worked with DVA staff. We will distribute this video to Members of Congress, Governors, the various service organizations, Department of Defense staff, DVA staff, and other interested individuals.

We firmly believe that the GI Bill should be the premier education and training program in this country. By everyone working together, we can deliver the benefits that have been earned by our veterans. They deserve nothing less.

Sincerely yours,

William D. Stephens
President

Enclosures 2

1. Under Mission number 7 you are seeking additional funding, among other reasons, to hire additional staff. How many additional full-time employees do you require?

Based upon the survey response that the National Association of State Approving Agencies (NASAA) conducted with all State Approving Agencies (SAAs), there would be an increase of 80 full-time staff equivalent. The potential for hiring additional staff by individual SAAs is influenced by several factors. The primary factor is funding under the reimbursement contract that is administered by Department of Veterans Affairs (DVA). Another factor is the internal State hiring practices and in some States there is a current freeze on hiring new staff. It is important to note that due to the way a State Approving Agency (SAA) functions within some States, not all new hires would be full-time staff.

Additional points to consider in the area of staff funding include the following.

- a. Some SAAs do not have adequate funding to provide for current staff to complete terms of the contract. These SAAs utilize supplements at the end of the contract year for the necessary additional funding.
- b. With a cap on funding at \$19 million, there is no expansion in funding to allow for natural and required cost increases for the current staff levels (e.g. State union wage progression requirements).
- c. Agencies have not been funded for the additional work we are providing under the massive expansion to the GI Bill.

The above items will obviously impact SAAs ability to meet the terms of the requirements of law and Congressional intent. Our position is that the workload has increased proportionately for both DVA and the SAAs. Before the new GI Bill, the DVA had approximately 800 employees in the education service and hired about 500 new employees in light of its demands. This represents an increase of roughly 60 percent.

We have asked for an increase in funding from \$19 million to, eventually, \$34 million spaced out over a 3 year period of time.

2. If the funding were to remain constant how should we curtail the SAAs role?

NASAA believes that SAAs provide a unique service to the DVA and those eligible for GI Bill benefits. Therefore, curtailment of any function could result in negative consequences. The totality of services provided is not duplicated by other governmental agencies. SAAs alone are responsible for ensuring compliance with Congressional and DVA requirements for use of GI Bill benefits at the State level. Within the State/VA contract, there are six basic functions (program approval, program supervision, technical assistance, liaison, outreach, and contract management). The following provides specific information concerning two of the functions.

Approval of Programs:

Approval of programs at institutions/establishments and licensure/certification examinations is the heart and soul of SAAs. This can be divided into categories based upon the type of institution/ establishment. They are: Institutions of Higher Learning (IHL), Non-College Degree Institutions (NCD), Apprentice-

ships (APP), On-the-Job Training (OJT), and Licensure/Certification (L & C). In considering modifying the approval requirement for SAAs, it has been suggested to eliminate the approval requirement for institutions that are accredited by certain accrediting agencies. Several points are important to consider. First, the role of accrediting agencies does not include a detailed review of individual programs. It definitely does not include approval of individual programs to ensure both Federal and State requirements are met. This is especially true for NCD programs at IHLs. In addition, accrediting agencies only conduct reviews on a periodic cycle (up to 10 years for some agencies). Second, while the amount of time each SAA spends on approving programs at accredited IHLs varies, generally speaking this is a rather limited function in time. Once a program is approved, the SAA “builds” upon that approval when they do the annual re-approval. Staff does review all new information to ensure that all approval requirements are met. Staff does spend time reviewing all policies and other related items to ensure the institution is still providing quality programs for veterans/eligible individuals. The approval function remains a vital function and should not be modified or changed.

Continuing approval by SAAs of individual programs will provide the necessary oversight and will avoid fraud, waste, and abuse and thus protect veteran’s benefits. Another important point to note is that since the payment of tuition and fees go directly to the institutions for the Post-9/11 GI Bill, there is a definite potential for increased fraud, waste, and abuse. SAAs will continue to provide oversight thus ensuring the quality and integrity of the learning experience.

Supervision of institutions/establishments:

SAA staff conducts supervisory visits at all approved institutions/ establishments. By contract with DVA, a minimum of 80 percent of the active institutions/establishments are visited on an annual basis. These visits are not only a time to review all approval criteria to ensure approval requirements continue to be met but also to provide training/information to Certifying Officials. A recent survey conducted by NASAA indicates that 27 percent of Certifying Officials would contact their SAA first with questions. In another item, 44 percent said that their SAA is their primary source of training. DVA was named by only 28 percent. This reinforces the SAA being the “face of the GI Bill at the State level.” Additional details of this survey were provided to Juan Lara on August 20, 2009, in a meeting with Skip Gebhart, Director of the West Virginia SAA and Member of NASAA’s Legislative Committee. It is also important to note that there are times when major issues with an institution are discovered during a supervisory visit. These include IHLs that are regionally accredited. For example, several years ago a major problem with recordkeeping for non-degree programs at Villanova University in Pennsylvania was discovered during a visit. It was necessary for an additional visit and a total records review (73 records in total) was conducted. Working with the Certifying Officials, an adequate records keeping system was developed and implemented. This avoided the need to suspend the approval for Villanova University. This is only one example of how SAAs work to ensure all requirements are met and to avoid fraud, waste, and abuse.

The bottom line is that SAA roles should not be curtailed in any area. All activities assigned to SAAs are vital to the continued success of the GI Bill. Further ability to exercise professional judgment will be helpful to meeting the requirements of law, Congressional intent, and the needs of veterans to reach their career goals. Beginning with the DVA centralization of the Chapter 30 education program in the early 1990s, the presence of the DVA in States has steadily fallen. Today, nearly one-fourth of our States do not have an Education Liaison Representative based in their State.

SAAs will continue to meet the demands of our assigned roles with vigor. SAAs get the job done now because they have the professional expertise and experience to focus the efforts where they are needed. They understand the unique challenges of all schools and training establishments within our purview. No other agency, Federal or State, understands the schools and training establishments and State rules and regulations better than SAAs.

Rather than curtail the SAA roles, Congress should support an expansion of our function to include increased responsibilities in oversight and expansion. With the expansion of the GI Bill, it is imperative to spend the time and money up front in conducting detailed approval reviews of policies, procedures, and programs of schools. It is just as important that compliance activities be conducted at the back

end to ensure program and fiscal integrity. Again, no one is better placed to conduct oversight activities than SAAs.

Accordingly, NASAA would support an increased compliance role for SAAs. Multiple SAAs have been assisting with compliance surveys. It has worked well. With increased funding, our recommendation is that SAA involvement in compliance surveys should be expanded to as many States as possible. In general, oversight activities are generally best left to States and various local entities. Overall responsibility for compliance surveys will remain with DVA; however, each SAA could assist DVA in this effort by conducting the field work.

3. In Mission number 7 you state that guidance to benefit recipients and others will change dramatically after the new GI Bill goes into effect. Is this a current need or anticipated need because the new GI Bill has not gone into effect?

This is an ongoing need. SAAs have seen a drastic increase in questions from veterans/reservists/dependents and Certifying Officials resulting from the Post-9/11 GI Bill. The number and complexity of these questions has increased as the implementation date approached. Following August 1, 2009, many SAAs have indicated there has been an increase in inquiries. In addition, SAA staff has provided many briefings and other training workshops for a variety of individuals. These have included high level institution officials, Department of Defense personnel, interviews for newspapers and television, etc.

4. On an average month how many Congressional inquiries do the SAAs receive?

Based on responses from 39 SAAs, the NASAA survey indicated that more than 400 Congressional inquiries were handled by SAAs last year. That is an average of about one a month per SAA. While this appears to be a limited number of Congressional inquiries, it is important to keep in mind this limited number is because SAA staff work closely with DVA staff, Certifying Officials, and others to "solve" problems before they are raised to Congressional level. It is anticipated that due to the complexity and categories excluded from increased benefits (NCD institutions, apprenticeship/on-the-job training establishments, flight schools, and correspondence schools) of the Post-9/11 GI Bill, Congressional inquiries will increase. Many Congressional staff Members know their SAAs and work with them.

5. In your testimony you state that overpayments are typically caught by "extensive and comprehensive record checks conducted by the SAA personnel." How often do SAA personnel conduct extensive and comprehensive checks?

SAAs visit most facilities yearly. When SAAs visit institutions/establishments, they conduct a records checks by randomly selecting a portion of veterans records (if 20 or less, we typically do the whole group). Staff then proceeds to review enrollment and other items. SAAs should then proceed to review the systems employed by institutions to ensure compliance with law and regulation.

The new GI Bill increases the potential for large overpayments, and therefore makes records checks more important than ever for at least two reasons. First, the amount of money involved has increased significantly. Second, with educational benefits being transferred to dependents, the number of drops/withdrawals can be expected to increase since younger students are typically more likely to drop classes.

6. Last year, what percentage of schools were visited by SAA personnel?

Last year, SAAs visited nearly 90 percent of educational institutions and training establishments where veterans or other eligible persons were enrolled.

7. How much oversight do the ½ facilities require on an annual basis?

It is important to understand that the ½ facilities are considered ½ for funding purposes only. These are entire establishments with as many complexities as educational institutions.

The "½" facility designation is an arbitrary value created by DVA to differentiate schools from on-the-job training facilities for funding purposes, the assumption being that on-the-job programs require less (½) time to supervise. We do not believe this assumption is valid. To the contrary, we believe that these facilities can require as much of our time and assistance as a school. Some 90 percent of SAA directors said in our recent survey that on-the-job training and apprenticeship facilities require about the same amount of oversight OR MORE. Many times SAA staff are the only professionals who visit them on a regular basis.

8. On a national level how much is spent on: salary, fringe costs, travel, administrative and outreach?

For 57 SAAs with a total of 260 full time equivalents, the following data is provided.*

	Amount	Percentage
Salary & Fringe Costs**	\$14,445,536.65	78
Travel	\$1,061,206.41	6
Administrative Allowance	\$2,601,499.99	14
Outreach***	\$289,452.56	2

*Data was provided by DVA for Contract Year 2008.

**Each State sets the salary schedule, fringe benefit rate, and professional qualifications for staff.

***This amount does not include salary and travel expenses related to outreach activities.

9. In the past 3 years how many SAAs were unable to spend all their funding?

The results of the NASAA survey indicate that 58 percent of the agencies were unable to spend all of their funding during the past 3 years. DVA provided data for the number of agencies who returned over \$20,000 (18 agencies for 2006, 12 agencies for 2007, and 13 agencies for 2008).

The nature of a reimbursement contract creates many complications. While some States may return funds, many States are required to seek supplemental funding to simply fulfill the requirements of law found in the contract. Also, the issue becomes one of timing, State restrictions, and the hiring process. For example, if the contract provides funding for an additional staff member and the contract is not issued until January of the contract year, SAAs could not start the hiring process until after January. It would typically take 1 or 2 months to process the staff request through the appropriate State channels at which point the actual advertisement could take place. In the current economic climate, a number of States are also facing hiring freezes and mandatory furloughs. All of these would impact their ability to expend contract funds.

10. What changes would you make to the funding formula?

This is probably the most difficult question to answer. Any time limited funds are divided, the exact formula will create problems. As an example, the initial amounts from DVA for the 2010 contract year have 32 agencies' funding decreased. For many years, the basis has been the number of active institutions/establishments. While not all SAAs have agreed with the end result, NASAA will continue to work to develop a suggested method to divide the funding. Some of the core principles that NASAA considers important when developing any funding formula are: workload, variations in State salaries, geographic differences, and the importance of maintaining a SAA in every State. During the 2010 Mid-Winter meeting in February, NASAA will finalize a proposal for the 2011 funding formula and send it to the Department of Veterans Affairs Central Office (DVACO). Our view is that we need to work with DVACO on how the funding should be divided to ensure maximum use of the limited funds and ensure SAAs can still fulfill their mission.

11. If the SAAs are being overwhelmed by the number of requests they are receiving for information sessions regarding the new GI Bill, should you pass those requests to the VA local office directly?

In reality, there are no "local DVA offices" in many States as far as education benefits are concerned. Processing is done in four regional centers and individual States may or may not have an Education Liaison Representative out-based from the regional center. Most SAAs work closely with the DVA staff assigned to their State. However, the NASAA survey indicated that there are at least 14 States that have no DVA education staff assigned in-state. In addition, DVA staff is overwhelmed with the implementation of the new GI Bill. Since each SAA and DVA works as a team, it is best to let them divide the workload. SAAs do pass a number of general inquiries and requests for information sessions to DVA. However, SAAs are also reporting that DVA staff are requesting assistance from the SAA in conducting information sessions or passing the requests directly to the SAA.

Many times a beneficiary will call the SAA directly and does not understand the right question to ask or out of frustration asks the wrong question. Our offices often spend more time getting to the real issue with the veteran than the person on the

toll-free line does. We generally have more experience and have been in the field long enough to understand the intricacies of the problem especially if it has an academic or training orientation.

12. If the work for SAAs is growing at a staggering rate, have you defined what work should be directed to the VA and which work the SAAs should do?

As discussed in the previous question, each SAA can work with DVA staff to determine what is needed for their State. DVA is also overwhelmed, and in many cases, there is no one at DVA with the same expertise to do the work. We certainly agree with the inherent scope of the question which is to say each SAA will continue to work with DVA staff to provide the best possible service to veterans/eligible individuals. Together we can provide the quality service that has been earned by those who have or are continuing to serve our country.

13. Is training certifying officials a mission for the SAAs or is the VA better suited to provide that training?

The short answer is that the training of Certifying Officials is needed by both DVA and individual SAAs. A recent survey of school officials showed, in fact, that 44 percent of them turn first to their SAA for training, compared with only 28 percent who would turn to the DVA. This is a significant validation of the SAAs effectiveness in providing training to complement DVA efforts. In-state training can range from DVA organized (with SAA assisting) to SAA organized (with DVA staff assisting). In addition, DVA does conduct regional training workshops. These provide training for the Certifying Official who can travel. Usually, attendance is limited when looking at the total number of Certifying Officials. For example, during the June Regional Processing Office training workshop in Cincinnati, Ohio, there were less than 20 Pennsylvania officials attending. In comparison, the Pennsylvania SAA conducted nine Certifying Official Workshops throughout the State in April with 474 institution/establishment officials attending, and 16 one-half day training sessions on the new GI Bill in July with 281 institution officials attending. The NASAA survey indicated that at least 29 SAAs have hosted training with at least 23 taking the lead in providing training. It is also important to note that a significant amount of training occurs during SAA visits to institutions/establishments.

Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC.
July 20, 2009

Mr. Keith M. Wilson
Director
Office of Education Service
Veterans Benefits Administration
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

Dear Mr. Wilson:

I would like to request your response to the enclosed questions for the record I am submitting in reference to our House Committee on Veterans' Affairs Subcommittee on Economic Opportunity Hearing on Subcommittee on Economic Opportunity "*The Evolution of State Approving Agencies*" on July 16, 2009. Please answer the enclosed hearing questions by no later than Monday, August 31, 2009.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for material for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively on letter size paper, single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Ms. Orfa Torres by fax at (202) 225-2034. If you have any questions, please call (202) 226-4150.

Sincerely,

Stephanie Herseth Sandlin
Chairwoman

Questions for the Record
The Honorable Stephanie Herseth Sandlin, Chairwoman
Subcommittee on Economic Opportunity
House Committee on Veterans' Affairs
July 16, 2009
Evolution of State Approving Agencies

Question 1: According to a GAO report published in March of 2007, three recommendations were made: first, that the VA should require the SAAs to track and report data on resources spent on approval activities, second, the VA should collaborate with other agencies to diminish any duplicative work and streamline the approval process, and third, the VA should establish outcome-oriented performance measures to assess the effectiveness of SAA efforts. Were any of these recommendations implemented by the VA? If yes, what was the outcome? If not, why were these recommendations not?

Response: In response to the Government Accountability Office (GAO) report:

1. The Department of Veterans Affairs (VA) implemented a tracking and reporting system. Each contract now requires State approving agencies (SAA) to track and report time spent on outreach activities and expenses. The SAAs provide data to VA in quarterly outreach visit reports.
2. VA collaborated with other Federal agencies and identified potential overlap with approval activities. However, statutory amendments to approval criteria are necessary to give the Secretary authority to act on any findings of duplicative efforts.
 - a. Subsequent to the GAO findings, the Veterans Benefits Improvement Act of 2008, Public Law 110-389, amended 38 U.S.C. §3673 to provide that the Secretary shall take appropriate actions to ensure the coordination of approval activities performed by SAAs under this chapter and chapters 34 and 35 of this title and approval activities performed by the Department of Labor, the Department of Education, and other entities in order to reduce overlap and improve efficiency in the performance of such activities. The Act further provided that VA must submit a report to Congress that includes information on the actions taken to establish outcome-oriented performance standards for SAAs, the actions taken to implement a tracking and reporting system for resources expended for approval and outreach activities by SAAs; and any recommendations for legislative action that the Secretary considers appropriate to take such actions.
 - b. VA transmitted the report to Congress in July 2009. As part of the report, VA explained that further legislation is necessary to give the Secretary the authority to act on any findings of duplicative efforts. Further legislation is necessary because 38 USC 3672 provides that a Veteran or eligible person may not receive educational assistance unless the program is approved by the SAA as provided for under the provisions of chapter 36 of title 38. In addition to the statutory requirement that the SAA must approve the program of education, other provisions within chapter 36 provide the criteria the SAA must apply when determining whether or not a course or program may be approved.
 - c. VA stated the statute could be amended to provide the Secretary with expanded authority to accept:
 - Registered apprenticeship approvals made by the Department of Labor;
 - Flight programs offered by pilot schools approved by the Federal Aviation Administration (FAA);

- Accredited programs offered by public institutions of higher learning (IHL) as approved for purposes of VA benefits without a separate evaluation by the SAA;
 - Tests for licensing or certifications offered by Federal, State, or local government;
 - Flight courses and training offered by flight schools that have been issued a pilot school certificate by the FAA;
 - Department of Labor or State apprenticeship agencies registered apprenticeship training programs; and
 - Public and private secondary schools approved for operation in the State in which they are operating.
- d. If the Secretary was provided more discretion to direct SAA activities, VA could focus SAA resources on programs offered by proprietary institutions, nonaccredited institutions, and on-the-job training programs that are not registered apprenticeship programs. VA could then potentially use SAA resources to conduct compliance reviews at institutions, as the Secretary deems appropriate.
3. VA developed performance measures to assess the effectiveness of the SAAs. The performance measures were implemented on November 1, 2008, and incorporated into the fiscal year (FY) 2009 contracts. FY 2009 performance will be reviewed at the joint peer review group (JPRG) scheduled to meet in December 2009.

Question 2: Is it correct that VA counts apprenticeship and on-the-job training as only ½ of an active facility? If so, why is that and how much oversight do they require on an annual basis?

Response: VA considers apprenticeship and on-the-job training (OJT) as one-half of an active facility based on the amount of work required to complete the initial approval and supervisory visits. For example, SAAs do not have to review a lengthy school catalog for initial approval of OJT or apprenticeship programs, which is required for IHLs.

SAAs are required to visit 80 percent of its active institutions each fiscal year. They can include OJT or apprenticeship facilities as part of this 80 percent. Oversight for OJT and apprenticeship facilities is the same as required for IHLs. SAAs approve the program, complete inspection of sites, communicate with the certifying official as necessary, and complete supervisory visits. The primary difference between a supervisory visit to an IHL and an OJT or apprenticeship is the amount of time required for completion of the visit. Less time may be required for the visit to an OJT or apprenticeship facility as the facility may have just one Veteran in training. In such cases, less documentation and records review are required.

Question 3: If the SAAs were abolished today, how much would it cost the VA to perform the same functions?

Response: The staffing for SAAs in FY 2008 was 233 full-time employees (181 professional staff/52 support staff). If VA replaces all SAA employees with its own corresponding full-time employees, VA's general operating expenses (GOE) will increase over \$25 million each fiscal year. Included in these expenses are payroll costs (salaries and fringe benefits) as well as non-pay costs such as training, rent, supplies, and equipment.

Question 4: On average, how many SAAs fail to spend all their funds? Can these unexpended funds be transferred to a state running out of money?

Response: Approximately 40 SAAs do not spend all of its allocated funds each fiscal year. The amount returned varies from \$700 to \$130,000. In FY 2008 eight SAAs returned less than \$5,000 each, and 28 agencies returned more than \$5,000 each. In the same year, \$1 million in funding was returned and 17 agencies requested supplemental funding of approximately \$763,000. There are several reasons the SAAs do not spend all of their funds. Some of the common reasons are:

- Hiring freezes imposed by the State that prevent the SAAs from hiring as stipulated in the contract
- Cancellations of travel associated with other contract obligations
- Separation of employees as a result of retirement or resignation

An SAA may request a supplement to the contract when it has expended its allocated funds. If funding has been returned, VA will review each supplement request

to determine if it can be granted. VA will consider the following factors to approve or disapprove the supplement request:

- Justifications for the supplement
- Allocation amount
- Expenditures
- SAA's rating
- SAA's current workload and staffing levels
- Previous supplement requests

The SAAs must show fiscal responsibility by upholding the contracted funding before VA can award a supplement.

Question 5: Is the approval of programs by the SAAs unnecessary since other government agencies already approve programs of studies?

Response: The statute provides that the SAA must approve programs of education before VA may pay educational assistance to an eligible Veteran or other eligible person. Legislation is necessary to provide the Secretary additional authority.

Question 6: What efforts has the VA made to work with the Department of Education and Department of Labor to identify any duplicative efforts between the three agencies?

Response: VA formed working groups and met with the Department of Labor and Department of Education to identify duplicative efforts between the three agencies. VA determined the statute would need to be amended in order for the Secretary to act on any duplicative efforts.

Question 7: How many of the SAAs are meeting the performance measures outlined in your testimony?

Response: Education liaison representatives monitor the SAA's quarterly reports and approvals, and work closely with SAAs to monitor performance. Currently, two are having difficulty meeting the standards set forth in the contract. VA continues to provide training and support to the SAAs that are not meeting the standards set forth in the contract. We have begun to conduct site visits at those facilities in an effort to identify and resolve issues they are experiencing. Since each SAA is experiencing different issues, we have also assigned mentors to help them resolve their issues.

Full fiscal year performance will be reviewed at the JPRG scheduled to meet in December 2009. The JPRG will review FY 2009 performance and recommend ratings for each SAA.

