

EXAMINING EXECUTIVE ORDER #13607 AND ITS IMPACT ON SCHOOLS AND VETERANS

HEARING

BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY (EO)
OF THE
COMMITTEE ON VETERANS' AFFAIRS
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EXAMINING EXECUTIVE ORDER #13607 AND ITS IMPACT ON SCHOOLS AND VETERANS

Wednesday, May 16, 2012

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

The Subcommittee met, pursuant to notice, at 2:06 p.m., in Room 334, Cannon House Office Building, Hon. Marlin A. Stutzman [Chairman of the Subcommittee] presiding.

Present: Representatives Stutzman, Johnson, Huelskamp, Braley and Walz.

OPENING STATEMENT OF CHAIRMAN MARLIN A. STUTZMAN

Mr. STUTZMAN. Good afternoon, everyone. If you could please take your seats and we are going to go ahead and get started. We are going to have votes probably within the next hour or so, so I think we will go ahead and start the Committee hearing.

I want to welcome everybody to the Subcommittee on Economic Opportunity, to our Oversight Hearing and we will be examining the Executive Order 13607 and its impact on schools and veterans.

As you all likely know, there has been considerable discussion on the other side of Capitol Hill and in the press about instances of questionable practices by schools, as well as the need to increase transparency to the operations of colleges and universities.

President Obama recently issued an Executive Order directing VA, the Department of Education and DoD to take steps to improve the information and services available to veterans and to police the college education market.

We are here today to listen to the stakeholders involved in veteran education and I am eager to hear from them regarding the possible effects of the President's Order. I would note that the Executive Order contains some elements in legislation we considered in our March legislative hearing introduced by Mr. Bilirakis and myself, as well as many other items.

For myself, I am open to things that will add to a veteran's ability to make informed choices while not reinventing the wheel.

For example, the Department of Education's College Navigator Web site has 272 categories of data, many of which are further subdivided by various demographic and financial subcategories. After reviewing those categories, other than the number of veterans attending a school, I believe it would be the rare veteran who would need more information to choose a school than now contained in those 272 data points.

Before we begin with the first panel, I would like to note that in reviewing today's testimonies, several witnesses have testified

that there needs to be a coordinated effort on the part of the various oversight organizations. In my opinion, this Subcommittee's role in that effort should begin with ensuring that the membership of VA's Advisory Committee on education reflects that need.

We also must ensure that the Advisory Committee has the opportunity to present its views on these types of issues to the Secretary and Congress as required by 28 USC 3692.

I am disappointed that since Congress revised the Advisory Committee's membership in Public Law 111-275, the Committee has not met in the past year and possibly longer. Therefore, I hope that Director Worley will inform us of his plans to make use of this Advisory Committee. Also, reviewing the membership of the Advisory Committee, I think we should consider bringing in some experts in compliance and enforcement. I look forward to working with the Ranking Member and the Subcommittee to enhancing the role of the Advisory Committee.

I now recognize the distinguished Ranking Member for his remarks and I would note that as a graduate of both Iowa State University and the University of Iowa, he probably has no problem getting tickets for the autumn Civil War and I am not sure which city it is in, but I wouldn't want to put you on the spot asking you which team you are rooting for since it is election year, so.

Mr. Braley.

[THE PREPARED STATEMENT OF HON. STUTZMAN APPEARS IN THE APPENDIX]

**OPENING STATEMENT OF HON. BRUCE L. BRALEY,
RANKING DEMOCRATIC MEMBER**

Mr. BRALEY. Mr. Chairman, thank you for that gracious introduction and it is true that I hold degrees from both fine institutions. I spent four year at one and three years at another, and I was a walk-on under Iowa State Coach Earl Bruce when he was coaching at Iowa State, so it is a matter of basic math to me, and you can figure that out for yourself.

I want to thank you for holding this hearing today and I look forward to discussing the President's Executive Order.

Everyone in this room knows that the purpose of the Post-9/11 GI bill is to provide servicemembers, veterans and their dependents with a quality education, and although many changes have taken place since the implementation of that bill, we continue to provide oversight of this generous Veterans Education which I was proud to be part of implementing. We owe it to veterans and the taxpayers to make sure that the money spent for this program is being spent wisely. Veterans deserve to have accessible standardized information regarding education institutions and degree programs in order to make informed choices on how to get the best education that they have certainly earned under the Post-9/11 GI bill.

Unfortunately, I have heard reports of aggressive and deceptive practices targeting servicemembers and veterans by some educational institutions and as U.S. Supreme Court Justice Louis Brandeis stated, "Sunlight is the best disinfectant." I agree and that is why I am pleased the Administration is trying to address those abuses through an Executive Order that provides

servicemembers and veterans with the information they need to make informed choices and find the best educational institutions and course of study that are right for them.

We know that this Executive Order was prompted in part by a call for action from 13 different veterans and servicemember groups when they wrote a memo called the Military and Veteran Students Educational Bill of Rights that I hold in my hand. The Order establishes Principles for Excellence for Educational Institutions. These principles provide added enforcement, oversight, and most importantly, transparency for perspective students seeking to use their Post-911 GI bill benefits.

These principles would require that educational institutions collect and provide information to help perspective students make an informed decision when deciding on an educational program. Participating institutions will provide detailed information, such as a know-before-you-owe form, which discloses information about tuition and fees, financial aid, estimated student loan debt upon graduation and graduation rates. These principles will aid in making informed educational decisions, and by providing needed information in an easily accessible form, this Executive Order will help curb fly-by-night recruiting techniques and provide protections to servicemembers whose deployment may require short absences.

This has been a passion of mine since I came to Congress which is why I am proud that I introduced and the President signed into law the Plain Language in Government Communications Act requiring every Federal agency, including the Veterans Administration, to write forms, brochures, pamphlets and other information in language its intended audience can understand, a practice that has been horrendous in most Federal agencies until that bill became law.

We know that this information is critical for veterans and a good number of them may be the first in their families to attend college. That is why we need to provide them and all veterans with the tools they need to work their way through this sometimes-confusing application process.

I don't think there is any such thing as too much information to provide veterans and servicemembers making decisions that will affect the rest of their lives.

I look forward to hearing from our witnesses today, and I look forward to working with you, Mr. Chairman, as we try to make sure that all veterans, everyone utilizing these benefits, has the information they need to make informed choices that are sound investments of taxpayer resources and I yield back.

[THE PREPARED STATEMENT OF HON. BRUCE L. BRALEY APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you, Mr. Braley. At this point I ask unanimous consent to enter the statements from several different organizations: The Rand Corporation, for the American Council on Education; Mr. Steve Gonzalez of the American Legion; Mr. Ted Daywalt from Vet Jobs; Mr. Patrick Bellon from Veterans for Common Sense; Ms. Heather Ansley from Vets First; Paralyzed Veterans of America and the Military Officers Association of America into the record.

There are copies of the statements on the table outside the hearing room. Are there any objections?

Hearing no objection, so ordered.

[THE PREPARED STATEMENT OF JENNIFER STEELE APPEARS IN THE APPENDIX]

[THE PREPARED STATEMENT OF STEVE GONZALEZ APPEARS IN THE APPENDIX]

[THE PREPARED STATEMENT OF TED DAYWALT APPEARS IN THE APPENDIX]

[THE PREPARED STATEMENT OF PATRICK BELLON APPEARS IN THE APPENDIX]

[THE PREPARED STATEMENT OF HEATHER ANSLEY APPEARS IN THE APPENDIX]

[THE PREPARED STATEMENT OF PARALYZED VETERANS OF AMERICA APPEARS IN THE APPENDIX]

[THE PREPARED STATEMENT OF MILITARY OFFICERS ASSOCIATION OF AMERICA]

Mr. STUTZMAN. At this time we would like to invite the first panel to take their seats at the witness table. Our first panel consists of Mr. Joe Wynn from the Vietnam Veterans of America, Mr. Ryan Gallucci from the Veterans of Foreign Wars, Mr. Tom Tarantino from the Iraq and Afghanistan Veterans of America, and Michael Dakduk from the Student Veterans America.

If the first panel would take their seats, since we have many witnesses today, I remind each of you to limit your oral statement to the five minutes that is allotted so that the Subcommittee will have sufficient time for questions.

Let us begin with Mr. Wynn. Mr. Wynn, you are recognized for five minutes.

STATEMENTS OF JOE WYNN, SPECIAL ADVISOR, VIETNAM VETERANS OF AMERICA; RYAN M. GALLUCCI, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE SERVICE VETERANS OF FOREIGN WAR OF THE UNITED STATES; TOM TARANTINO, DEPUTY POLICY DIRECTOR, IRAQ AND AFGHANISTAN VETERANS OF AMERICA; MICHAEL DAKDUK, EXECUTIVE DIRECTOR, STUDENT VETERANS OF AMERICA

STATEMENT OF JOE WYNN

Mr. WYNN. Thank you. Good afternoon, Chairman Stutzman, Ranking Member Braley, other Members of this Subcommittee, fellow veterans and guests.

Let me first thank you for the opportunity to come before you on behalf of the veterans' organizations I represent to share our views on the President's recent Executive Order 13607. This Order is a generous step towards offering for-profit colleges and institutions that receive GI bill funding for student veterans an opportunity to improve their performance before laws are passed that will impose more severe regulatory remedies.

Though my time of service was many years ago as a Vietnam-era Veteran of the U.S. Air Force, I still have very vivid memories

of the military experience. I also remember quite well the tough time I had finding employment after going to a for-profit institution that provided no placement assistance and counseling, though they advertised that they would.

My experience just serves as an example of what many veterans from Iraq and Afghanistan are going through now.

Ongoing analysis is being done by the U.S. Senate's Health Committee and other organizations shows students at for-profit colleges have lower graduation rates, employment outcomes with higher debt levels and loan defaults. For-profit colleges are misrepresenting their programs in tuition costs, rates are far higher than at public and non-profit institutions; and these schools, partly because they serve poor students who often need more supportive services, receive almost a quarter of their funding from Federal aid.

It appears to be those Federal aid dollars that has led many admissions officers to use aggressive recruitment strategies targeted to veterans using the GI bill for funding. You see, GI bill benefits do not technically count as Federal education benefits under the Department of Education's 90-10 rule, a longstanding requirement that no more than 90 percent of a For-Profit's college's revenues can come from Federal financial aid.

In light of these findings, its just down-right troubling to read news that for-profit colleges are being allowed to continue predatory and fraudulent practices with little or no accountability. I agree with the President's Executive Order that when it comes to shopping for an education, a veteran should not have to be treated as if they are buying a used car. They need to be given all of the information regarding tuition and fees up front before they enroll in a program of study. They should not be burdened with additional fees after completion of the program of fees not covered by other funding sources.

I also agree with the President's Executive Order wherein veterans should be made well aware of the quality of the education offered and their potential for employment when they successfully complete the program. Counselors should be readily available to provide financial and academic advice.

This Executive Order issued by President Obama attempts to establish a policy that will ensure that our Nation's servicemembers and their spouses are not deceived by for-profit colleges. If for-profit colleges' desire to achieve the goals proposed in the Executive Order, compliance should not be difficult. Though I suspect that there will be some resistance since doing the right thing will undoubtedly affect their bottom lines, less profit. And if this Order will serve to improve the likelihood of success for our veterans, it will obviously be well received by them. Perhaps more of them will become gainfully employed or start their own small businesses.

The Executive Order does not address the 90-10 Rule and until that law is changed, GI Bill benefits will continue to be targeted by for-profit colleges. That is a "for sure."

Enforcement under the Order needs to be strengthened. Other pending legislation by Senators Webb and Murray appear to strengthen the Principles of Excellence referred to in the Executive Order.

In conclusion, since our young men and women stepped up to serve this country following the devastating attack on our Nation on 9/11, many returning as veterans who served with honor and many who received distinguished honors for displaying valor and courage during their periods of military service for this country, they don't deserve to be taken advantage of. Every effort should be made by every institution, government agency and commercial enterprise to ensure that these veterans receive all of the benefits they are entitled to and deserve.

We call upon Congress to not allow for-profit colleges and institutions in America to be so big that they can be allowed to take advantage of the citizens of any state, especially military veterans, members of the Guard and Reserve, disabled veterans, women veterans, black veterans, minority veterans nor veterans homeless or of limited means. Congress needs to implement laws to stop the predatory practices being demonstrated by for-profit colleges and institutions or provide support to reinforce the Principles of Excellence as put forth in Executive Order 13607 for the benefit of our veterans, their families and our community.

This concludes my statement and I respectfully request that my oral and written statements be submitted for the record. Thank you.

[THE PREPARED STATEMENT OF JOE WYNN APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you, Mr. Wynn.

Mr. Gallucci, you are recognized for five minutes.

STATEMENT OF RYAN M. GALLUCCI

Mr. GALLUCCI. Thank you. Chairman Stutzman, Ranking Member Braley and Members of the Subcommittee, on behalf of the 2 million Members of the Veterans of Foreign Wars and our auxiliaries, thank you for the opportunity to share our thoughts on the President's recent Executive Order addressing consumer protection concerns for today's student veterans.

In the interest of time I ask the Committee to refer to my full prepared statement for our detailed thoughts on the EO.

Recent Senate investigations and GAO reports have indicated that some schools make a concerted effort to recruit student veterans into their programs with no intention of delivering a quality education. While arguments can be made as to the validity of these claims or how widespread the problems may be, the fact remains that these reports have created a perception in Washington that taxpayer dollars used to fund veterans' education programs have gone to waste and our heroes are not receiving the education we promised to them.

The VFW has seen numerous efforts from both Congress and the military to scale back educational benefit programs, which is why we continue to fight to preserve the landmark educational benefits earned through the valorous service of today's war fighters.

Since these reports surfaced, the VFW has worked diligently to build consensus among advocates and educators to improve consumer tools and strengthen protections for student veterans who may have been victims of fraud, waste or abuse.

In January, the VFW co-authored a letter along with many of today's key witnesses asking the House, Senate and Administration to take action. We are proud to see that everyone listened to our collective voice.

Congressman Bilirakis and Chairman Stutzman, we applaud you for introducing your bill to address this and we applaud your Senate colleagues who introduced similar bills.

However, today we also applaud the President for taking a bold first step in ensuring veterans receive the quality education we promised and believe that this serves as inspiration to move on legislation.

The Executive Order is naturally constrained to the limits of current law and available resources, which means that bills must still be passed in a timely manner to ensure our student veterans can make the best choices on how to use their earned benefits.

Executive action can also be limited in scope and progress can be difficult to assess which is why the VFW and many of our colleagues feels that an Advisory Committee should be formed to maintain to help monitor implementation. We also encourage this Subcommittee to host a hearing at the 90-day mark to assess progress.

As the agencies is responsible for executing the President's Order to lay the ground work, the VFW would like to explain how we envision implementation for certain provisions. First, the VFW understands that schools may face additional administrative hurdles in an effort to comply with the newly established Principles of Excellence. The VFW suggests that VA adopt similar principles to those found in the new DoD MOU which many schools will be obligated to sign onto in the coming months. This will minimize the administrative burden, but also ensure that VA can collect quality information with which to inform veterans.

Second, the VFW supports the idea of providing data comparison tools to veterans through eBenefits, but must stress that a simple link to College Navigator is insufficient. We believe that the VA should identify at least five, but not more than 10, relevant data points with which veterans can compare programs and we look forward to engaging with VA on exactly which data points would be most beneficial over the next 90 days.

Third, the VFW must clarify that the anonymous complaint process means only that VA must protect students' personally identifiable information, but that processes must be in place to verify that complaints come from actual enrolled veterans and that the veteran has exercised proper chains of authority before seeking VA intervention.

We must also clarify that this new reporting mechanism is designed as a tool to collect relevant information on the experience of student veterans. State approving agencies must still serve as the primary enforcers reasonably resolving complaints at the local level. The VFW does not want to see new archaic protocols put in place that only exacerbate potential challenges faced by student veterans.

Finally, the VFW calls for an additional hearing on the role in resourcing for the SAAs. As a result of unclear regulations, the VFW believes valuable SAA resources are being diverted to cover

down on unrelated tasks preventing the SAAs from conducting quality program evaluations. We must solve this confusion in the short term to ensure SAAs remain effective.

The Post-9/11 G.I. Bill stands to be a transformative benefit for today's war fighters, designed to mold the next greatest generation. We must protect this benefit at all costs. Unfortunately, the VFW and our partners have felt hamstrung by an overwhelming lack of quality information on student veterans to either confirm reports of fraud, waste or abuse, or to demonstrate student veteran success. Executive Order No. 13607 and the bills currently before Congress will help to gather this kind of data ensuring future viability of the program and fostering veteran success in the classroom.

We hope that the Executive Order will motivate Congress to quickly move on legislation to protect our Nation's investment of offering our student veterans the quality education we promised.

Chairman Stutzman and Ranking Member Braley, this concludes my statement and I am happy to answer any questions you may have.

[THE PREPARED STATEMENT OF RYAN M. GALLUCCI APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you.

Mr. Tom Tarantino, you are recognized for five minutes.

STATEMENT OF TOM TARANTINO

Mr. TARANTINO. Mr. Chairman, Ranking Member, and Members of the Committee, on behalf of Iraq and Afghanistan Veterans of America's 200,000 Member veterans and supporters, thank you for inviting me to testify on the President's Executive Order Establishing Principles of Excellence for Education.

IAVA welcomes and supports Executive Order 13607. It will help empower student veterans to make educational choices that meet their needs. We believe that with proper implementation, this Order will begin to provide veterans and their families with clarity about their educational choices. We also believe that this Order complements several more robust legislative initiatives already under consideration in both the House and the Senate. By signing this Executive Order, the President has initiated a process that, if addressed by legislation alone, the various agencies would have had to wait months to begin working on.

We firmly believe that sound implementation of this Executive Order, coupled with passage of bills offered by this Committee and your counterpart in the Senate, will provide timely clarity for student veterans about their educational choices. However, in order to achieve success we must address two questions: What are the outcomes that consumers need to make sound choices and how will benefits and/or Federal aid, how will they pay for education that veterans and servicemembers need?

For most students, choosing a school is simply not a data-driven process. This is largely due to the lack of usable consumer information available to prospective students. While schools are required to report hundreds of data points to College Navigator, it does not synthesize that information into a tool that empowers consumers to make choices that fit their needs. And furthermore, even a cur-

sory review of College Navigator exposes broad inconsistencies in the information that is reported to the Department of Education.

When using College Navigator to compare like programs, the data often doesn't match up. Unfortunately, there are some schools that use this confusion to hide poor performance.

Although I don't believe the Executive Order is going to necessarily going to clean up bad reporting, it certainly will expose schools that are reporting bad numbers and give consumers an indication that the school they are looking at might not entirely be on the level.

Even if this Executive Order, coupled with legislation, fixes errors and inconsistencies with student outcome data, we must tie that data to a tool that student veterans can use to determine what benefits or aid they are eligible for and how they may use it to help pay for their education.

IAVA has developed and successfully produced a comprehensive GI Bill calculator at our Web site *newgibill.org*. Nothing like this calculator currently exists from the VA or Department of Education. Identifying metrics students can use to choose a college is important, but these ultimately must be coupled with the ability to determine how they can use their benefits to help achieve their goals.

IAVA is also concerned with trademarking the phrase "GI Bill." Searching "GI Bill" on Google reveals pages of deceptive Web sites that are designed to market for-profit schools to prospective students without providing them with useful information about their benefits. Veterans who submit their information to these Web sites are often subject to aggressive recruiting and harassment.

I am concerned, however, that there is no instruction in the Executive Order to protect Web sites like *newgibill.org* that provide students with critical information and assistance with their benefits that the government is either unwilling or unable to provide. Almost a million veterans have used *www.newgibill.org* to calculate their benefits, gather information about changes to the GI Bill, and receive help in understanding this complex program. When implementing this Order, there must be clearly defined exceptions for those who are providing a service and not simply looking to turn a profit.

IAVA is also concerned about housing a consumer information tool whether it is a link or an actual real tool at the eBenefits portal. Currently, access to eBenefits is tied to enrollment in the DEERS. This is a serious access problem since a significant number of OIF and OAF veterans are no longer serving.

For these veterans, access to eBenefits is simply too complicated to make the service useful. You can develop the best consumer education tool in the world, but it is useless if your customers can't access it. To remedy this, IAVA recommends that in addition to being housed at eBenefits, consumer information tool is also housed at *gibill.va.gov*.

We applaud the President's directive to establish consumer complaints, but we are concerned about how the consumer complaint intake will be handled. In order for this to be effective, it must be at the VA. The VA is the face of veteran services within the government. It must be through 1-888-GIBILL-1 and at *gibill.va.gov*.

Nowhere else does this make sense from a practical or business perspective.

This Executive Order will not solve all the problems faced by student veterans, however, it is a good start, but we have to work to continue to pass legislation like H.R. 4057 and 4052 that will make the provisions of this Executive Order more robust, and more importantly, permanent.

But we also must pass legislation like 4055 and 4390. These bills will help restore free-market control to the for-profit system, as well as prevent veterans from being harassed by marketers and aggressive recruiters.

The Post-9/11 GI Bill is the most significant veterans' benefit since World War II. As veterans, advocates, educators and lawmakers we all have a shared responsibility to ensure that every student veteran is empowered to use their benefits wisely and build a first class future.

Thank you for your time and attention. I look forward to answering your questions.

[THE PREPARED STATEMENT OF TOM TARANTINO APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you.

Mr. Michael Dakduk, you are recognized for five minutes.

STATEMENT OF MICHAEL DAKDUK

Mr. DAKDUK. Thank you, Chairman Stutzman, Ranking Member Braley and Members of the Subcommittee. Thank you for inviting Student Veterans of America to speak on the President's Executive Order and its impact on student veterans and institutions of higher learning.

My name is Michael Dakduk. I served both in Iraq and Afghanistan as a Marine. I used tuition assistance while in the service and I participated in distance learning courses while I was onboard a Navy ship heading towards the Middle East for my second deployment, and as a first generation college student, I used both the Montgomery GI Bill and Post-9/11 GI Bill to earn my undergraduate degree. I now support Student Veterans as Executive Director of Student Veterans of America.

Student Veterans of America currently has over 450 chapters at colleges and universities across the Nation assisting veterans in their education experiences on a daily basis. This direct contact gives SVA a unique perspective on the needs and obstacles faced by our Nation's veterans as they return to their communities to enroll in institutions of higher learning and reintegrate into the civilian workforce.

As you are likely aware, we recently conducted an annual review of all of our chapters, both for-profit and non-profit, and found that 26 for-profit schools were suspected of creating fake SVA chapters to legitimize their status as veteran-friendly schools or to recruit future student veterans. We revoked their memberships per our charter. That perspective provides the framework for our testimony this morning, or this afternoon, excuse me.

The issues addressed in Executive Order carry great significance for our Nation's veterans, servicemembers, and their families. It re-

flects highly on this Subcommittee and the Executive Branch that such attention is being paid to addressing and resolving the challenges faced by veterans who are targeted by bad actors in the higher education system.

Regarding the specific provisions of the President's Executive Order, Student Veterans of America strongly supports any action that protects student veterans, their families and their benefits. Any school that attempts to gain from the generous Post-9/11 GI Bill and other military and veteran Federal benefits without providing outstanding education outcomes to the student veterans must be vigorously prosecuted.

SVA supports full disclosure of debt loads and institutional performance before enrollment. We know from our extensive experience with this population that there is simply too much bad or misleading information out there about schools claiming to be veteran friendly. Requiring schools to disclose accurate information before a student veteran enrolls levels the playing field and enables student veterans to make well-informed decisions.

SVA supports the requirement of every student veteran to have an academic advisor and academic plan. This is commonplace in most reputable schools, and those institutions that do not currently offer this must implement this immediately to ensure our veterans are working towards realistic academic or career goals.

SVA strongly supports publishing outcome measures and graduation rates. Without data and statistics it would be impossible to know the true impact of the Post-9/11 GI Bill. This information is also critical to effective congressional oversight, and we remain concerned that the program's impact to date would be lost without retroactive efforts.

SVA supports a unified system to report complaints at schools. We have consistently asked for a formal well publicized process for student veterans to raise issues with their educational institutions to the appropriate Federal authorities. Given the amount of Federal dollars being made available, it is essential to create a centralized complaint center that allows student veterans to raise legitimate concerns about bad actors and the post-secondary education space.

SVA supports uniform policies for access to military bases by educational institutions. Having consistency across all bases will help ensure that good schools have access and predatory ones are kept out.

Finally, while it is not specifically addressed in this Executive Order or in today's Subcommittee hearing, SVA would like to take this opportunity to call for an amendment to the so-called 90-10 rule.

SVA supports the various bipartisan bills pending that would affect such a change. Common sense dictates that schools that are required to receive no more than 90 percent of their income from the Federal government should not be able to skirt this rule by accepting the overage in veterans' benefits.

Thank you, Mr. Chairman and Subcommittee Members for your attention in support of Student Veterans and their families. I look forward to answering any of your questions.

[THE PREPARED STATEMENT OF MICHAEL DAKDUK APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you. They just called votes. I will take five minutes to ask questions. We will ask Ranking Member Braley to do his questions and then we will go vote and then we will come back and finish up questioning.

The first question I would like to ask is, I think, Mr. Gallucci, you had mentioned data categories or maybe it was Mr. Tarantino, but what additional data categories should be added to College Navigator and what value would that data add to the process, if there are any?

Mr. GALLUCCI. Thank you, Mr. Chairman, for that question. Some of the data points, I think, is specifically talking about data points on student veterans and information on a student veteran population at a school. Michael and myself had an opportunity to sit in on a recent IPEDs technical review panel to discuss collection of information on student veterans. There are some basic items that the VFW believes a student veteran would want to know before they attend an academic institution. Some of these have to do with available unique veteran services such as veteran's programs or advisors on campus, also the total veteran population, the number of veteran beneficiaries on campus. That includes servicemembers, veterans and their dependents who are eligible for benefits.

One of the ideas that a number of the veterans' organizations have been kicking around are, is there a better metric than the graduation rate as it is currently reported through the IPED system. To a non-traditional student population like student veterans, the graduation rate is irrelevant. I had a discussion with my colleague, Ray, about this graduation rate metric and neither of us are considered successful graduates through our GI Bill program, even though both of us received a degree and both of us used the GI Bill.

So we are kicking around ideas as to what would be a better metric to track, would it be degrees conferred for a certain amount of time, for a certain cohort, expanding the cohort beyond first time, full time and items like that. And unfortunately, we feel that that might be a conversation for a later date or to have with VA down the road as we are implementing this Executive Order.

Mr. STUTZMAN. Thank you. And I guess this question will be— Mr. Tarantino, do you want to answer anything?

Mr. TARANTINO. I just wanted to add to this. You know, think about College Navigator. It is a great research tool. It is an outstanding research tool. It is a terrible consumer information tool. The information that is on College Navigator is extremely extensive, but the majority of it isn't really useful to someone looking where to spend their consumer dollars.

And so a lot of this that we are talking about gathering data, it is less about gathering new data, although we do need to figure out how to properly assess graduation because according to the Department of Education, I am a double college dropout. We do need to figure out how to figure to account that metric. This is more about data liberation and putting it in a tool that empowers consumers to make better decisions of what, where to spend their dollars.

I think when you look at it in that flight, when you frame the argument like that, this suddenly becomes a lot clearer. You know, we need a yelp for higher education. If I can figure out, you know, what everyone in this room thinks about every sushi restaurant within five square blocks, I should be able to figure out how students, what students think, what consumers think about colleges within the city or state I live in.

Mr. STUTZMAN. Could you give us some ideas of what data would be helpful? I mean, could we add something to College Navigator that we could make this a better tool that is useful for veterans?

Mr. TARANTINO. I think degree completion; how many students started a program versus how many students ended each individual program; how many students entered this history department and left with a history degree; how many students got this—entered a mechanical degree and got the mechanical degree and how long it took them. That is kind of available at College Navigator, but it is not broken down by program and it is very hard to synthesize. It is less about finding new data and figuring out a way to present it to consumers, and that is really the key. If you don't have something to present to consumers that they can read and that is simple and quantifiable, then the data you are collecting is useful.

Mr. STUTZMAN. So do you think that finding College Navigator information is difficult or is it easy enough to find it, it is just the information that is on the Web site that is not useful?

Mr. TARANTINO. Right. It is not only difficult, but it is also highly inconsistent among its own data sets. And you will see in my written testimony I talked about a liberal arts college in—a non-profit liberal arts in Oakland, California that represented a pretty standard demographic distribution of students, but when you looked at graduation rates, the only graduates were Asian females.

Now, either there's a really strong cultural bias in that curriculum or the data they reported to the Department of Education was bad, and you find this all over College Navigator that even within the same data set, the data is inconsistent. And so as a consumer if you pick out the core data—how much does it really cost, how much am I going to have to go into debt, how long is going to take me to do it, how many people finish the degree—then you can pull that out of College Navigator and make that for consumers and that would provide a lot of clarity as to which schools are meeting mission and which schools are not.

Mr. STUTZMAN. Okay. Thank you.

Mr. Braley.

Mr. BRALEY. Thank you, Mr. Chairman. First of all, I just want to get all of you on the record, each one of these veterans' service organizations that you represent were signatories to this Education Bill of Rights, the proposals that I referenced earlier; is that correct?

And am I correct, also, that each one of your organizations still stands by that original endorsement of this type of a requirement to protect veterans and active duty and Guard and Reserve Members who are pursuing higher education?

Mr. TARANTINO. Absolutely.

Mr. BRALEY. I want to follow up on your last point, Mr. Tarantino, because I think sometimes when we talk about educational policy, it is frequently divorced from the real world and, you know, looking at myself, I started at Iowa State University with a major in aerospace engineering, switched to civil engineering, switched to journalism. Graduated with a degree in political science.

You could argue, based on some of the things you mentioned about what you enter with, your degree target and your actual degree that I was an abject failure and people probably argue that for other reasons, but the point is that I was able to take that degree and go on and do something and find employment. To me, that is the definition of a successful college education. I am less concerned about what we enter in and what we exit with and are we getting students the value they need for those educational dollars to give them the ability to have a college degree and an opportunity to earn income and take care of themselves and their families. To me, that is the focus of what we should be talking about.

And Mr. Gallucci, you were talking about what type of data would be necessary. We talked about degrees conferred, but I am also interested in knowing what employment was obtained and the correlation between the two, whether that degree actually resulted in a benefit out in the work force or whether you have somebody with a liberal arts degree who is counting cars on a highway. To me, that has impact on how we get the most bang for our buck for these dollars.

One of the things you mentioned, Mr. Tarantino, was also proper implementation. You mentioned two questions: What are the outcomes consumers need to make sound choices? Do you have recommendations on what you think or do any members of the panel on what your members feel should be part of those outcomes?

Mr. TARANTINO. I could say that there is a lot of them actually in legislation. I think the reporting outcomes that are in, specifically the Web Bill in the Senate, as well as the Murray Bill, is a pretty good list of very simple metrics that someone would need to use. And like I said, a lot of this is already available, but it is not reported in a digestible manner.

I mean, if you go to College Navigator, and I suggest everyone try one this, pick four like schools, four technical schools, four liberal arts schools, four religious schools, whatever, and do the comparison feature and look at them side by side to compare schools. You will suddenly find that all those 270 data points that are found throughout the single school get severely reduced because not everyone's reporting the same thing and then some schools are reporting data that is a little bit suspect and doesn't quite match up.

And so when you actually do the comparison piece, you are now looking at a much more truncated version of College Navigator that frankly doesn't give me any use as a consumer looking where to spend my dollars.

As a veteran I am going in for a tract. I am not an 18-year-old going to find myself. I found myself getting shot at in Iraq, you know. I am going through a specific program. I am going there with a mission and I need to know what is going to help me achieve the goal that I have identified for my GI bill dollars.

Mr. BRALEY. Well, and Mr. Dakduk, you testified about this in your opening remarks is there, is a new reality out there for young men and women who are entering the armed forces, and that is, they are pursuing higher education while they are serving their country. You did that yourself.

So if we don't have a system in a place that allows that transparency, allows that consistency of transparency, we are depriving you of the opportunity to get a head start on the rest of your life because we certainly have the technology available now to allow you to do that, but we need to make sure we have the metrics right and we have the access points right or we are going to be holding people back who want to make use of that time to move forward.

Mr. DAKDUK. Absolutely, Ranking Member. I will tell you, when I left the military, I didn't know what College Navigator was. I never heard of it, never used it. Now, in my current position, it is a wonderful research tool. It has no bearing for consumer education, nor is it helpful to student veterans as far as picking an academic institution or picking an academic program.

I will tell you that there are certain things that do need to be there when we talk about data points, and Ryan and I were speaking about this. I know that some institutions would certainly find themselves in a precarious situation if you used graduation rates. That doesn't work for the nontraditional students, but transfer-out rates for student veterans because a lot of them go to community colleges first. We get our feet wet. We tend to try to figure out what we want to do and go to a community college or an online institution and take a few credits. So transfer-out rates might be helpful for folks that don't go and complete a degree at one institution of higher learning. So that is just something specific on a data point that I think can be very helpful to many of the institutions of higher learning.

Mr. BRALEY. Thank you. I yield back.

Mr. STUTZMAN. At this time, we are going to recess. We are going to go vote and then we will be back. We have one 15 minute vote which is about over, and then three five-minute votes after that. Two votes after that? Okay. So hopefully we should be back here in about 30 minutes.

[Recess.]

Mr. STUTZMAN. We are going to convene. I am going to ask the second panel to come forward at this time. This group will include the Honorable Steve Gunderson, formally a distinguished Member of the House from Wisconsin and is now representing the Association of Private Sector Colleges and Universities. Next we have Dr. Jonathan Gibraltar; is that correct?

Mr. GIBRALTER. Gibraltar, that is correct.

Mr. STUTZMAN. All right. Who is the President of Frostburg State University and is representing the American Association of State College and Universities. And I want to give a special welcome to our next witness, Ms. Margaret Baechtold from Indiana University in Bloomington, who is representing the National Association of Veteran Program Administrators. Welcome, and it is always great to have a fellow Hoosier testify. As I was telling the Ranking Member, it is those Hoosier values that we like to talk about. And I also

want to thank you for your years of service in the United States Air Force.

And next, we have Mr. Barmak Nassirian—is that correct, all right—representing the American Association of Collegiate Registrars and Admissions Officers. And then finally Ms. Judith Flink from the University of Illinois, who is representing the National Association of College and University Business Officers.

Okay. We are going to start with Ms. Flink because I believe she may have to slip out, so you are recognized for five minutes.

STEVE GUNDERSON, PRESIDENT AND CEO, ASSOCIATION OF PRIVATE SECTOR COLLEGES AND UNIVERSITIES; JONATHAN C. GIBRALTER, Ph.D., PRESIDENT, FROSTBURG STATE UNIVERSITY, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES; MARGARET BAECHTOLD, DIRECTOR, VETERANS SUPPORT SERVICES, INDIANA UNIVERSITY ON BEHALF OF NATIONAL ASSOCIATION OF VETERAN PROGRAM ADMINISTRATORS; BARMAK NASSIRIAN, ASSOCIATE EXECUTIVE DIRECTOR, AMERICAN ASSOCIATION OF COLLEGIATE REGISTRARS AND ADMISSIONS OFFICERS; JUDITH FLINK, EXECUTIVE DIRECTOR, UNIVERSITY STUDENT FINANCIAL SERVICES AND CASHIER OPERATIONS, UNIVERSITY OF ILLINOIS ON BEHALF OF NATIONAL ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

STATEMENT OF JUDITH FLINK

Ms. FLINK. Mr. Chairman and Members of the Committee, my name is Judith Flink. I serve as Executive Director of University Student Financial Services for the three campuses at the University of Illinois. I have worked in the University's business office and been actively involved in higher education for over 30 years. I am testifying today on behalf of the National Association of College and University Business Officers, NACUBO, which represents chief financial officers and their staff at more than 2,100 public and non-profit colleges and universities.

NACUBO's mission is to promote sound administrative and financial management of institutions of higher education. It is an honor for me to be here today.

NACUBO shares the President's goals as outlined in his Executive Order establishing Principles of Excellence for institutions serving veterans, servicemembers and their families. We affirm that these students—and indeed all students—deserve high quality academic and support services that enable them to make informed decisions about their education. We strongly support safeguards against abusive and deceptive recruiting practices.

Before elaborating on our specific concerns, I want to take the opportunity to suggest that the Agency's task with implementing the Executive Order actively consult with institutions and the organizations that represent them as they develop the necessary rules.

With my positive experience on the Department of Education's Advisory Committee and as part of negotiated rule-making for DoE, I can personally attest to the success of such dialogue. I would, therefore, the creation of an official advisory group or groups with a defined membership and structure to work in part-

nership and develop workable solutions as we implement new VA and DoD policy and procedures. I believe this will go a long way to bring consensus and efficiency to colleges and universities, our partner agencies in the Federal government and, most importantly, the servicemembers we serve.

To illustrate, since implementation of the Post-9/11 GI Bill, I have had the pleasure of participating in a NACUBO work group that has tried to meet quarterly with VA representatives to address issues involved in processing Chapter 33 tuition benefits. These meetings always end with both sides walking away better informed about how each of us operates—well, most of the time.

Regarding the Executive Order, we believe most, but not all, of the President's principles align with existing U.S. Department of Education requirements. Those principles, if implemented by DoD and VA, according to the ED guidelines, will not inflict additional cost or burden on our Member institutions.

But we do have serious concerns about some of the other provisions and their potential implications. Our concerns are as follows:

Section 2(a) requires institutions to provide prospective students with a broad range of information on an individualized standard form. Prospective students do not routinely identify themselves based on their Federal aid eligibility, making it difficult for institutions to know who should receive the form until they are actually enrolled and on campus.

Furthermore, the VA has not developed procedures to communicate with schools about veterans and their eligibility for educational benefits.

Section 2(f) mandates institutional refund policies in a manner similar to ED's policies used for returning unearned Title IV student aid refunds. Outside of Title IV aid, the ED permits colleges and universities to set their own refund policies. If the new policy will differentiate from ED's policy, then this will create significant enrollment planning and budgeting challenges for institutions of higher education.

Section 29(g) requires institutions to provide education plans for all individuals using Federal military and veterans' educational benefits. The intent of this provision is not altogether clear to us. If it is similar to the agreement recently reached by institutions and DoD on its Memorandum of Understanding, then institutions will be able to comply. If not, further discussion will be necessary.

Section 3 requires schools to track student outcomes which may be difficult to measure and may be misleading. Veterans and servicemembers are often nontraditional students with educational goals that may differ from the traditional students. Progress should not be measured solely on graduation rates.

In conclusion, let me reiterate the commitment of NACUBO's membership is to ensuring that our servicemembers receive the education they deserve. However implementation of the requirements in the President's recent Executive Order requires further clarification and discussions so that all parties can gain understanding and move towards consensus on developing an efficient, sensible policy.

Thank you again for the opportunity to testify today.

[THE PREPARED STATEMENT OF JUDITH FLINK APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you.

Mr. Gunderson, you are recognized for five minutes.

STATEMENT OF STEVE GUNDERSON

Mr. GUNDERSON. Thank you very much, Mr. Chairman, and Members of the Committee. I am delighted to return back and speak to you on this issue that is important to you and it is important to us. We are honored to be able to say that over 152,000 veterans have attended our school since the enactment of the Post-9/11 GI Bill. We are proud of that and we are proud of them.

As a sector, we have engaged in working with the Subcommittee, and others, to identify and develop protocols that best meet the academic needs of our veterans. As you know, on January 31st APSCU joined with others, including some of our harshest critics in letters to the President, to this Committee and to the Senate Committee supporting two very basic, but critical, ideas for ensuring quality educational experience, increased educational counseling and a protocol to ensure that legitimate complaints are heard and resolved.

We have also been working with others on this Committee and in the Senate to develop a bipartisan consensus around the best protocols for protection of veterans education experience. So you can imagine that we were a bit surprised and disappointed that the news of an impending Executive Order was made without any advance notice from the White House circumventing the ongoing, bipartisan, bicameral discussions. Today's hearing is to look at the impact of that proposed Executive Order. Our position remains one of constructive engagement and pursuit of consensus and common sense policies.

You may remember from my earlier testimony before this Committee, we must find new and better ways to calculate academic progress and graduation rates for veterans as well as all adults, part-time students, and others returning to school. If we can identify such metrics, we do everyone a favor, starting with the veterans. Today, only 18 percent of all post-secondary students are captured by the IPEDs calculations.

A second area of concern is the complaint process, and that it be one that appropriately serves and protects the veteran and the school. We need to know where and how many legitimate complaints really exist. Therefore, the letter yesterday from Chairman Miller and Senator Byrd to the Secretary articulates the importance of appropriate data collection, that this process must be fair and it should be focused on seeking resolution. We want every legitimate complaint by a veteran to be heard, but we do not want this to become a vehicle for anonymous complaints for those who are not veterans who have a political agenda very different from the interests of the veteran students.

On both issues we requested and the White House assured us that all parties, including colleges and universities would be a part of a constructive, collaborative process to reach agreement on these issues before the Executive Order went into effect. We are concerned because one-third of the way towards the deadline for im-

plementation of the Executive Order, as of Monday no institution or organization on behalf of higher ed had been invited for such discussions.

In moving forward in pursuit of further and appropriate protections for our veterans, we ask that such additional criteria be developed with current regulatory and enforcement powers in consideration. The current authority, as you know, covers many Federal and state authorities, including but not limited to, the Department of Education, State licensing authorities, national, regional and program-specific accreditation, the Securities and Exchange Commission, the FTC regarding false and unfair advertising, the Veterans Administration's authority under the 9/11 GI Bill, the Department of Defense and others.

We ask that the current authority be used to go after those engaged in misconducted before we indict an entire sector.

You should also know that our sector is currently taking the misrepresentation issue one step further. Our Board requested a student recruitment taskforce develop guidelines for our membership and we now are creating what is called a self regulatory organization to deal additionally with this specific concern.

In conclusion and by chance, Mr. Chairman, long before this hearing was scheduled, I had a commitment yesterday to visit ECPI college in Virginia Beach. This school is important to this conversation because no less than 30 percent of their student body are veterans. The primary reason veterans choose this school, and I spent literally half an hour visiting with a classroom of veterans, is because they deliver academics in ways that move the veteran from the field through the school into the workplace as quickly as possible.

During my visit with the school, the veterans told me their number one complaint was not about the school. It was about the VA's problems in processing their payments in a timely and proper manner.

I have submitted to the Committee, but I want to lift up for your attention the ECPI Standards or Best Practices for Veterans Education because I want you to see what these individual schools are doing on their own to make absolutely sure that they engage in the best education practices and the best interest of the veterans. This is the way we focus on the ultimate outcome which is to make sure the veteran has a positive education experience that moves them from the field of battle into education and into the workplace as soon as possible.

Thank you very much.

[THE PREPARED STATEMENT OF STEVE GUNDERSON APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you.

Ms. Baechtold, you are recognized for five minutes.

STATEMENT OF MARGARET BAECHTOLD

Ms. BAECHTOLD. Chairman Stutzman, Ranking Member Braley, and Members of the Subcommittee, thank you for this opportunity to testify today on behalf of the National Association of Veterans Program Administrators regarding Executive Order 13607.

Again, my name is Margaret Baechtold. For over five years I have served as the Director of Veterans Support Services at Indiana University. A veteran myself, I retired from the United States Air Force after 20 years of service and I am now also the Legislative Director for NAVPA.

NAVPA's membership is comprised of approximately 400 educational institutions from all education sectors and we advocate for what we believe are the best interests of student veterans at our institutions.

Our expertise lies in the administration of veterans programs at colleges, universities, and other education providers. Our leadership is comprised of non-paid staff members who voluntarily serve NAVPA in an effort to better serve the veterans on our campuses.

As a voluntary organization, NAVPA does not police its membership regarding any of the issues raised by this Executive Order. Our mission is to provide professional development to member institutions, collect and disseminate best practices for student veteran support and advocate on behalf of students and our institutions. We believe strongly that all educational institutions should be forthright and open with all students, particularly with regard to veterans' and military servicemembers' unique needs and circumstances.

Like so many others, NAVPA has been dismayed at news reports of unscrupulous organizations' treatment of unsuspecting veterans and we strongly condemn any abuses to which veterans might have been subjected at the hands of these institutions. While we believe that there are no doubt costs and burdens involved in implementing this Executive Order, we cannot object to any initiative that seeks to ensure that veterans are appropriately recruited, advised, and supported while in school. NAVPA is pleased that the President has taken such a direct interest in the educational needs of our Nation's veterans.

We recognize, however, that the requirement in this Executive Order to provide personalized financial advising will be exceptionally challenging to implement. This advice can only be provided if the institution has full access to all eligibility information required to determine all possible aid alternatives.

At present, eligibility information is generally not provided directly to institutions, and we must rely on student veterans to furnish us with such information. NAVPA has long advocated for direct access to student information from the VA, for example, and we will continue to do so.

The timing of institutional and agency business practices will also make implementation of this requirement difficult. Students cannot even apply for certain Federal benefits such as Army tuition assistance until after they have already enrolled in classes. Schools cannot effectively predict in advance how much funding might be provided by military tuition assistance, or even Veterans Affairs education benefits, prior to enrollment, application to those agencies and benefit authorization.

Furthermore, many benefits are based on actual enrollment levels, actual institutional charges, and the receipt of other financial awards. Many financial awards must be adjusted whenever a student receives other financial awards. The Post-9/11 GI Bill is a per-

fect example of a program that pays a net-cost which must be readjusted whenever any other tuition-restricted awards are received.

NAVPA supports efforts to better inform students about their financial benefits, but we recognize the challenges involved with implementing the services required in this Executive Order.

We hope and expect that as policies are developed, we might contribute to the conversation about how best to provide the financial information needed by prospective student veterans and their families.

Regarding student outcomes, all schools are interested in assessing the success of their students. It will be critical to define success appropriately for each educational environment and to develop data collection methods that are robust, accurate, and meaningful. We hope and expect that educational institutions and the organizations that represent them including NAVPA will be involved in developing these desired outcomes and metrics.

We support efforts to improve information resources for prospective students, absolutely. We also encourage continued efforts to provide schools access to data about individual student's benefits and eligibility so that we can accomplish the tasks required of us.

NAVPA fully supports efforts to ensure veterans are appropriately recruited, advised, and supported in school. Requiring disclosure by schools should not be a substitute for solid oversight, however. The agencies administering these programs are in need of further oversight resources to provide training and enforce the provisions of this Executive Order as well as the currently existing regulations. The VA needs assistance with compliance tasks now that the Post-9/11 GI Bill has become so complex. Diverting State Approving Agency resources to that role has proven problematic, however, and leaves no one to fulfill the SAA's historic role of providing training and supervision to institutions on broader education issues. There are varying roles within the oversight arena and tasks should be distributed to the agencies best suited and situated to accomplish them.

Mr. Chairman, this concludes NAVPA's statement. As a veteran and on behalf of the members of NAVPA, I would like to thank you and the Members of the Subcommittee for your leadership on issues of critical importance to America's veterans. Thank you.

[THE PREPARED STATEMENT OF MARGARET BAECHTOLD APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you.

Mr. Nassirian, you are recognized for five minutes.

STATEMENT OF BARMAK NASSIRIAN

Mr. NASSIRIAN. Thank you, Mr. Chairman, Mr. Ranking Member, distinguished Members of the Committee.

My name is Barmak Nassirian. I am Associate Executive Director with the American Association of Collegiate Registrars and Admissions Officers which we mercifully abbreviate to AACRAO. We are delighted to be able to participate in this discussion. I have submitted written testimony for the record, but I would like to take this opportunity to in plain language raise four specific issues for the Subcommittee's attention, and I shall do so dogmatically be-

cause of the shortness of time, but we can certainly talk about the underlying reasons.

One, the for-profit sector in higher education has a significant and pervasive problem with waste, fraud and abuse. This is not anything against the profit motive. We endorse the profit motive. The building we sit in, presumably, was built by somebody who hopefully was doing it for-profit and did a good job, but when you compare how we put up buildings in this country with building codes and inspections and heavy penalties, if somebody undersizes the beams, we understand that the profit motive needs to be framed with proper oversight.

What I am here to suggest to you, as somebody who spent almost a quarter century looking at this stuff we have a lot of procedural and very burdensome regulations. We do not have substantive safeguards to ensure that an entity purporting to be a college or university is actually doing any teaching and that is equivalent to buildings falling on people's heads on a daily basis, and the basic reason here is simple. When you put a building up or you take a color TV home, there are very obvious performance tests on the basis on which you know what you got.

Education is a lifetime experiential service. You can show people all kinds of promises on the front end that they will only learn 20 years later didn't actually pan out. So that is one point.

I raise an issue that has been raised before by my other colleagues about the 90-10 rule. This Subcommittee should pay particular attention to that because what the 90-10 rule does is it makes every dollar of VA benefits worth 9 extra dollars of Title IV money and, therefore, vets today are walking around with big target signs on their backs because their dollars are the means by which these entities that have almost no other purchaser. And this is really the issue, what are they selling that nobody else is willing to reach into their pocket and put a dollar of hard-earned cash on the table for.

Now, veterans earn their benefits, but these are Federal benefits and these benefits are being used to leverage other Federal benefits. So the notion of for-profit—I am for market-based profit making the right way, but it is a funny kind of capitalism we are talking about. It is capitalism consisting of 100 cents on the dollar coming from the feds. There is something wrong there.

My colleagues from the VSOs talked about the glut of data in the Navigator. I am mechanically challenged. When I buy a car, all I want to know is where the key goes and where the gas goes. I can't even take it to the oil level being right. So that is the reason, unless you want to get a Ph.D. in mechanical engineering, we consult consumer reports and attempt to understand what car is right for us. Very tough to do with education.

Disclosures are not a substitute for gate-keeping. When I go to the supermarket, I don't want to have toxic food on the shelves with a Ph.D. dissertation hanging under each item as to whether it is going to kill me or it is edible. We should take toxic programs off the table so vets and servicemembers are not victimized.

And finally, with regard to the Executive Order, we support it as an imperfect substitute for what we believe only you can do. You are the folks who write these laws. You have done so with leader-

ship and with the best of intentions and I believe if this Committee takes a look at the situation and addresses gate-keeping, we could simplify a lot of things that we have to do circuitously otherwise.

I appreciate the opportunity and look forward to any questions. Thank you.

[THE PREPARED STATEMENT OF BARMAK NASSIRIAN APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you.

Dr. Gibraltar, you are recognized for five minutes.

STATEMENT OF JONATHAN C. GIBRALTER

Mr. GIBRALTER. Chairman Stutzman, Ranking Member Braley, and distinguished Members of the Subcommittee. I am Dr. Jonathan Gibraltar. I am the President of Frostburg State University in Maryland. We are a rural university in Western Maryland and part of the university system of Maryland's 11 campuses.

I am here today testifying on behalf of the American Association of State Colleges and Universities, commonly known as AASCU, which represents over 400 public institutions and university systems.

Thank you for holding this hearing. I would also encourage Members to view my written statement for further detail and explanation of this testimony.

Frostburg serves the majority of veterans and active military connected to our region's National Guard and Reserve units. The number of veterans we serve varies significantly from year to year. Our overall enrollment right now is about 5,500 students. We are currently serving about 102 veterans.

Our growing online programs, in particular our accredited MBA and our new Bachelor of Science in Nursing, are proving particularly popular with veterans since these programs are designed to be very flexible.

AASCU, which also serves as the administrative agent for the servicemen's opportunity colleges supports the intent of the issued Executive Order. Our Nation's veterans and military personnel should be able to obtain quality information about institutions and their programs.

AASCU and its member institutions, including my own campus, value the perspective and experience that servicemembers and veterans bring to our institutions. As such, we take our commitment to providing them a quality educational experience very, very seriously.

As the conflicts in Iraq and Afghanistan wind down and over 2,000,000 troops are withdrawn from those areas, more and more veterans will be arriving on college campuses to use the educational benefits they have earned serving our country.

In addition, our active duty military are combining service to the country with higher education. The text of the Executive Order as written raises a number of concerns for AASCU institutions regarding implementation. Those of us on the ground are also most aware of the human issues of the individuals that we work with.

For example, as there is no requirement that students identify themselves as veterans, some choose not to do so. Meaning, they may be missing out on services that we can and should provide.

The Executive Order requires the Secretaries develop a comprehensive strategy for developing servicemember and veteran student outcome measures that are comparable across Federal, military and veteran's educational benefit programs.

While AASCU appreciates the Order's statement that, "To the extent practicable, the student outcome measures should rely on existing administrative data to minimize the reporting burden on institutions participating in these benefit programs," there is considerably more burden to finding available data for these outcome measures than meets the eye.

The issues of data definition and collection raised by the Executive Order's requirement to develop national level outcome measures become even more significant for institutions. First, the Federal government does not collect veterans and military student specific data from institutions. Second, institutions and states vary in their ways of defining veteran and military students based on what data is available to them.

Given the complexity of data identification and collection on this topic, higher education institutions will inevitably be asked for data that may or may not be possible to obtain.

This leads to another concern, that of the reporting burden and associated costs. In 2010 the government accountability office completed an analysis of the burden placed on institutions to comply with expanded mandatory IPEDs reporting. Among other issues, the GAO found that schools reported time burdens ranging from 12 to 590 hours compared with the 19 to 41 hours education estimated.

GAO further reported that institutions incurred a total estimated salaries and computer costs of over \$6,000,000. The call for specific comparable outcome measures in the Executive Order would be an expansion of current reporting requirements and may require institutions to incur considerable back-office costs.

Another key concern that was mentioned earlier is the complaint system outlined in the Executive Order that would create a centralized complaint system for students receiving Federal military and veterans educational benefits. Instituting a centralized complaint system without first establishing whether an individual has already attempted to resolve their complaint with the university or college's Veterans Affairs Office represents a concern. Too often complaints are raised to the highest level when, in fact, they may better be resolved on the campus.

We strongly suggest that higher education stakeholders have significant input into the conceptualization of this centralized complaint system.

In closing, Frostburg State University and other AASCU institutions are eager to continue meeting the needs of our military members and veterans as well as their families. Our experience is that these returning military become solid students and campus leaders.

We support the Administration's efforts to ensure that servicemembers and veterans can make the best informed edu-

cational choices. Thank you for the opportunity to speak about this legislation.

[THE PREPARED STATEMENT OF JONATHAN C. GIBRALTER APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you. And I will begin the questions. I am going to start with Ms. Baechtold. If you could describe to us an average student veteran at IU, what's their experience like in transitioning into college life compared to an average 18-year-old freshman coming into school?

Ms. BAECHTOLD. Mr. Chairman, I would be hard pressed to define an average student veteran. Every one of them is so unique in their situation, in their needs, in their experiences and how those experiences have impacted them and what that means for them as they now transition into their civilian life that we really think of them across an entire spectrum of experiences.

We do find that as they come to school, they have a greater focus on education, they have a different value on education than perhaps the average traditional 18-year-old freshman student might have. They tend to be very interested in their success there. They tend to be very concerned about their finances. They tend to be fairly reticent to seek assistance, even when they know they need it because they come from a tradition where that is not necessarily looked on as being a positive value to reach out and ask for help and we work hard to try to provide that assistance to those who need it and never assume that those who are doing fine are somehow just concealing a need that we are not aware of.

So again it runs the full gamut of students who walk in our door once, sign up for classes, and they are good to go and no different than any other student to someone who spends most of three days a week in the office because they have a need to reconnect with other veterans because they have a need to seek out other support services or because they just feel lost in a school of 42,000 students. So I am afraid that is not a very good answer other than to say there is not an average one out there. Every one of them is unique and special and different.

Mr. STUTZMAN. Sure. Sure. And that is probably the case for every individual. Every individual is looking for something maybe different in one way or the other.

But Mr. Gunderson, given all of the variables and student demographics, the availability of jobs, is it reasonable to use data such as salaries to judge the quality of a school's education? Could you just discuss a little bit about the variables in what you see, and then also, if you could maybe follow-up a little bit on the question that asks Ms. Baechtold as well?

Mr. GUNDERSON. Yeah. Actually, when you asked the first panel that question, I actually put down some notes of some things that I think would be very helpful on College Navigator to the typical veteran who is trying to make a decision. One of them is placement in employment.

Let me quickly, in the interest of time, suggest in terms of College Navigator, one would be placement of employment. The second would be the percent of graduates for 100 FTEs. That way we would be able to evaluate all colleges equally, the percent of FTE,

together with the returning students protocol on higher education—has on their Web site as we are looking at. The third, take a look at time. For example, I mentioned to you earlier that the school UCPI, they literally produce associate degrees in 14 to 18 months because they concentrate on academics. That is what the veteran wants. They have been in that battlefield. They want to get that training. They want to get that job, so let us look at that issue. Fourth issue, Schedule E. Thank you.

Mr. STUTZMAN. The Executive Order, the current data is that to what extent will this Order, Administrative Order, Dr. Gibraltar, if you could maybe touch on that, is that information valuable for students that are looking to your school?

Mr. GIBRALTER. Well, there certainly is data and also if you look at the voluntary system of accountability, that many, the AASCU, you will find that there is a lot of really useful and easy to read information for anybody, including veterans. I think the issue that I have heard discussed today is in part the availability of that information, but it is also the issue of promoting that the symptoms of accountability for veterans regrettably have failed to do that, so it is a part. Not necessarily how many items are added but, you know, how you present that to veterans, sounds like, is an important issue.

Mr. STUTZMAN. Okay. Thank you. Mr. Braley.

Mr. BRALEY. Dr. Gibraltar, let me start with you. You self identified as working at a rural university.

Mr. GIBRALTER. That is right.

Mr. BRALEY. And to Mr. Stutzman and I, rural America isn't a policy. It is where we are from.

Mr. GIBRALTER. Yes.

Mr. BRALEY. And rural America has a disproportionate contribution to the defense of this country. And so when we have young men and women returning, looking for educational opportunities, we have a moral obligation to reward that sacrifice by giving them an educational experience that moves them on the way to fulfilling their career and educational goals. I don't think you disagree with that.

Mr. GIBRALTER. I absolutely agree.

Mr. BRALEY. But one of your statements confused me where you said that there is no requirement for students to identify themselves as veterans.

Mr. GIBRALTER. Right.

Mr. BRALEY. And yet we are talking about funding from the GI Bill and Military Tuition Assistance Benefit, so how can colleges and universities not identify that that is a veteran when they are receiving those benefits?

Mr. GIBRALTER. I think you are talking about two different issues. I think that where we struggle is that there are students who are on our university campuses who don't ever tell us or indicate in any way that they are veterans. They don't want themselves to be known. That is what I am talking about. I am not talking about those students who are, therefore, also receiving benefits. If they are receiving benefits, sir, we do know about it.

Mr. BRALEY. And you also raised a point that I alluded to in my opening remarks, and that is if you asked 100 percent of the popu-

lation whether they think there is too much government red tape, you are going to get a 100 percent yes, okay. And to the average person, the average business, that is a twofold problem.

One is the conduct that is being regulated and whether it should be regulated in the first place and the other is if that regulation or the documents that communicate with people about their expected behavior, a written and incomprehensible gobbledegook so people waste their time trying to understand what is expected of them. And I know that you are all intelligent highly educated people, but if you are telling us that you are dealing with Federal regulations that are incomprehensible gobbledegook to you, we have a big problem and that is why I introduced the plain language in the government relations bill to get to the root cause of what we are talking about. And Mr. Nassirian, you mentioned that, thankfully, in your opening comments, but this gets to the greater problem.

When you have got companies like TurboTax that can greatly simplify the time it takes the average veteran college student to do their tax return and if you give them those same tax forms and the booklet that is 150 pages long that tells them how to do the same thing, we have a lot to learn on how we process information and get you the data you need in the least inconvenient format possible and that is what frustrates me. So how do we get there?

Mr. GIBRALTER. I think that these conversations need to continue and I think that we need to be involved in and continue to be involved in the conversation and, you know, I would use as a reference the voluntary system of accountability that, at least initially, colleges and universities did not have to participate in, but many chose to.

I think if you really look at that, you will see at least from my view, a much more easily understandable interface that students can get information about, you know, acceptance rates, graduation rates, percentage of students that get financial aid, any number of data points about colleges and universities.

Mr. BRALEY. Mr. Gunderson, welcome home.

Mr. GUNDERSON. Thank you.

Mr. BRALEY. I would like to remind you that Iowa used to be part of Wisconsin territory, but we beat you into the United States by two years and I won't get into that. But I wasn't clear from your testimony whether your concerns are that on behalf of your member institutions you are opposed to the Executive Order in itself or you are opposed to the implementation of the Executive Order?

Mr. GUNDERSON. Great question because I am not sure we are opposed to either. I mean, I was disappointed that an Executive Order would preempt all the bipartisan efforts to reach consensus here on the Hill. That was my disappointment.

Second, what I have lifted up is that the Executive Order, if it is developed with all of us and all of you in working out the kinks and the issues that need to be defined, this could be good. But we got to deal with those two big issues, a complaint process and a calculation of the information for the veteran on graduation rates, academic achievement, et cetera, in ways that works for the veterans and works for higher education. If we do that together, this is a win-win for everybody. If we don't do it, it is a disaster for ev-

erybody, the veteran, the schools, you all trying to get the information and the general public.

The verdict on whether it is good or bad is yet to be determined, but we only got 60 days left before that 90-day window is to be concluded and this goes into effect. And like I said, I talked to my colleagues at the ACE on Monday, and I said we haven't been asked and we were promised by the White House we are going to be asked. Have you been asked? They said, no, we haven't been asked and we are the ones who volunteered to convene all the higher ed groups, so nobody in higher ed has been asked to come to the table and help work out these issues.

Mr. BRALEY. Well, I think one of the things that all of us would tell you is that an Executive Order lasts only as long as the person who signs it is in office as a practical matter. And Chairman Stutzman and I and other members of this Subcommittee are actively engaged because we know that ultimately there has to be a legislative solution that takes into account the best interest of the veterans, the people receiving these funds and the U.S. taxpayers and the institutions who have to administer them.

So we look forward to working with you and we encourage you to continue to engage with all the veteran service organizations who have testified today and Members of Congress.

And with that, Mr. Chairman, I yield back.

Mr. STUTZMAN. Thank you. Mr. Walz.

Mr. WALZ. Thank you, Mr. Chairman and Ranking Member, and thank all of you for your testimony and your expertise in helping us understand this. I am very proud of the work we did on the Post-9/11 GI Bill. It was sorely needed. It is going to open up and has opened up countless opportunities and it comes back again— we have a couple of major requirements on this Committee, making sure that we provide all of the earned benefits that our warriors so rightfully deserve, while at the same time making sure that as stewards of the taxpayer dollars we get them there, and I think, for you, I see that very similar mission. You are trying to deliver and make the opportunities available.

I want to be very clear that as we do things, that we are making sure that we are not contracting the opportunities of the GI Bill offers, that we are not making it more difficult for the bulk of our warriors to get their benefits because of a few bad actors that are in this.

And would you all characterize it as a few bad actors or is this a systemic problem that truly did need an Executive Order? Anybody want a try at that one? Go ahead, Mr. Nassirian.

Mr. NASSIRIAN. I think you would not be surprised. The politically correct thing to say is that it is a few bad apples. The data argue otherwise. You are looking at 11 percent of all enrollments, consumer, your Pell Grant dollars accounting for half of all student loan defaults, capturing 50 percent of the DoD Tuition Assistance Funding, 37 percent of all VA benefits.

The numbers, you know, you can bring—the plural anecdote is not data. The data speak to a systemic issue.

Mr. GUNDERSON. Can I respond to that, Mr. Chairman?

Mr. STUTZMAN. Certainly. Sure.

Mr. GUNDERSON. I appreciate that because I respect everybody's right to disagree with the concept of private sector education. I think, though, that we ought to understand exactly who private sector colleges and universities happen to serve in America today and what would happen if they didn't exist. This tends to be career oriented education. The reality is that today 94 percent of all the students who attend private sector colleges and universities in this country are eligible for Title IV student financial aid assistance.

We ought to be commending the schools for serving students that otherwise would not have access to post-secondary education, the skills, the jobs, the incomes and the middle class families that they are able to obtain through that.

When I hear people who criticize us because we serve a disproportionate number of veterans or active duty military, I say, you got this all mixed up. You ought to commend these schools for the design and delivery of academic programs that serve the needs of today's veteran. Don't blame these schools. Congratulate them in that regard.

Mr. WALZ. Mr. Gunderson, do you think this was a chainsaw, then, instead of a scalpel that should have been used on this because you had something interesting in your testimony I would follow up on. You talk about the VA having the authority to prohibit enrollment of eligible veterans in the poor performing schools and you talk about how the VA could join in agreement with FTC to do some things here. Have they done those things?

Mr. GUNDERSON. No, and that is my frustration. You know, I spent 16 years in the Congress promoting all of higher ed. I am a big fan of public sector colleges and universities, private non-profits, the private sectors, everybody. There is so much out there today in terms of regulatory authority to go after the bad conduct that all we ask is use your present authority and go after that school and you will never hear me or my association here defending one bad apple engaged in misconduct of a veteran or any other student, but let us not indict all of higher ed or even just the private sector colleges and universities for the misconduct of one school.

Mr. WALZ. Ms. Baechtold, and several of the rest of you, you hit on this and I don't say this facetiously in any way. I am the staunchest supporter of the VA but I will also be their harshest critic. One of the prescriptions for a better way of doing this is communication and getting data from the VA. Good luck with that and I say that, as I said, not facetiously. They do a lot and there is a lot of things that maybe we put on them with privacy data and concerns about that.

So I do know that. I couldn't agree with you more. I think as Mr. Braley hit upon, we have to do better at how we get that data. We have to do better at how we process. How do we engage VA better? What are some of your solutions on this or how do we get that communication working better because this is a sticky point for us across a lot of issues?

Ms. Flink, you mentioned it also. If you have anything, please.

Ms. FLINK. I have been involved in the NACUBO Committee that is having conversations with the VA and one of the things we have continually brought up is that if we could simply have a release

that a veteran would sign that would allow people at the institution to talk to them. It is a pretty simple concept.

We do have people at our institutions that can talk to them, but they are usually in Margaret's role. It is not people in my area where we do the billing and all of those types of processing. So we will call up and we will try to get some questions answered for the veteran and we are immediately shut down.

So we have been trying to work with them to have a very simple form that a veteran can sign. We could fax it to them. You could create an online form. But just giving other—

Mr. WALZ. What was the feedback you got from them on that because I can tell you I think this is a fundamental reform both in the processing of benefits claims, burial claims and others. My county Veteran Service Officers don't have the ability of what you are asking for. These are licensed, you know, basically licensed and bonded folks who say that we are going to protect this data, and they can't get it. Have they have been responsive to you on the potential?

Ms. FLINK. In the conversations we have, they continue to say they have to have conversations internally, but we have been asking for well over 24 months, but that is just an example of how we could help the veterans move the process.

Mr. WALZ. We could go down this line. I have been asking for six years. Mr. Gunderson might say he was asking for 16 years.

Ms. FLINK. Right.

Mr. WALZ. I do think that is a problem though, and I am troubled by this and I very much, I mean, the predatory nature of some of these folks doing this, I know it appalls all of you. It appalls all those veterans. It is a disservice to our veterans. It is despicable and all that, but I also understand where you are coming and am somewhat— not somewhat, I am troubled by the idea of Executive Order without the input. And the last time many of you were here testifying there was a good faith effort to include you. I don't think we will truly get at the heart of this if we don't include everyone in this decision-making who is actually processing the data and going up.

But I also think Mr. Nassirian's right. I can't ignore the data that shows this, and we need to hammer down on this. There is a lot of money here and lot of those things, but how we get to that point of communication is still troubling me.

I went over my time. I yield back to the Chairman.

Mr. STUTZMAN. That is not a problem.

Ms. Baechtold, did you have a comment, I think, you wanted to make?

Ms. BAECHTOLD. I just wanted to respond a little bit more to Mr. Walz's question. It has been baffling to school certifying officials, for example, that we can get full eligibility and payment information for almost every other chapter except the Post-9/11 GI Bill. That is and has always been accessible to us through the VA once, you know, data interface that we use to report information to the VA, and so it appears it is a combination of perhaps misplaced privacy concerns since we obviously are entitled to that information for every other chapter and limitations on IT systems that may have other priorities right now, but pretty soon this needs to be-

come a priority or we will not be able to continue to do many of the things and provide many of the services that we do on our campuses. Thank you.

Mr. STUTZMAN. Thank you. I have got just a couple of other questions. Mr. Gunderson, you mentioned ECPI University and it sound like they are having a lot of success. Is there something that they are doing differently that we should be paying attention to?

And also, I think everyone of us here would agree, that if there are bad apples out there, do we have the tools to deal with those now currently in place?

Mr. GUNDERSON. You know, one of the things I enjoy every day is when I hear a new news release that frankly is going after one of our schools, not because I enjoy that they go after our schools because it confirms your point, that the tools are already there to go after those schools engaged in misconduct, if it is used, so we ought to start with that.

Now, what ECPI has done, which is go above and beyond the Federal and the state minimums to establish a voluntary set of best practices, and if ECPI were sitting here today rather than Steve Gunderson, what they would tell you is, you know what, when we are engaged in onsite education of veterans, all we need to do is screw up once and that commander will never again direct any of his enlistees to our school.

Mr. STUTZMAN. So when you say if a school is being disciplined or they are going after a school, what practices are they performing that requires them to discipline or to investigate?

Mr. GUNDERSON. Oh, I think the biggest allegation against our sector over the last four years has been misrepresentation. And as I tried to show, certainly in my written testimony and to a degree much more quickly in my oral testimony, is that there is between the accrediting standards and between the birth of the VA and the Department of Education as well as the FTC, all of them prohibit misrepresentation in advertising or sales. And so there is a lot of different avenues where you can go after that particular enforcement. That's number one.

Number two, and why we support counseling is because I think if the veterans that I have talked to at these schools would tell you they have a complaint, it is that they don't know the right questions to ask at the beginning. And they will tell you as they have told me personally what I thought it was going to cost to get a degree and what it really costs was different because there was an annual increase in tuition costs or because the original tuition and books cost only covered online books, and if you want to buy a hard copy book—it is questions like that where I think that counseling becomes such a key part of equipping the veteran to know what they are pursuing, even on the transferability.

We all know that if you are nationally accredited, you probably don't have a good shot at getting transferability to a regional accreditation. It can be in the paperwork and if it is not lifted up to that veteran, I got to be honest, I am not sure when I was enrolling in college I would have had any idea to ask about national versus regional versus program-specific accreditation, what its impact would be.

Those are the kind of things, I think, we all want.

Mr. STUTZMAN. Thank you. Any further questions?

Mr. BRALEY. Mr. Nassirian, I want to just follow up on one of the comments you made in direct response to what we have just been talking about. You talked about the challenge of eliminating waste, fraud and abuse in these program areas, and yet the fact that there were burdensome regulations that were intended to attack that very problem and yet we are not having the desired results of providing accountability and due process and enforcement that then changes behavior.

So what can we do to change that system?

Mr. NASSIRIAN. Greater focus on outcomes. I think the ordinary citizen, I think your approach to the regulatory, to the turgid pros of regulatory government is right on the money. The ordinary citizen understands intuitively that the taxpayers of this country has a moral obligation and recognition of the service that our servicemembers have provided to this Nation, are providing for educational benefits. The question should not be accreditation, licensure and a stack of papers that a skillful law firm can correctly fill out.

The simple question is did this veteran leave this place better off or worse off, and I think this Committee can make tremendous strides by simply focusing on that bottom-line question, are these billions of dollars that are being spent actually improving the lot of veterans or are they being actually left worse off despite the expenditure of funds and the massive amount of paperwork that legitimate institutions are dealing with because of the fact that we have a problem we don't want to stare in the face. We want to be circuitous.

And with regard to the Executive Order, it is very much that challenge. The Executive Order is an attempt at taking the right steps. The problem is we have easier ways of getting there. It requires legislation. It requires test and market viability. It requires tests of good outcomes for the veterans, as well as for the taxpayers of this country.

Mr. BRALEY. Well, we talked to a lot of veterans, and specifically on this Committee, about how you transition out of the military into a civilian workforce or into a civilian education environment, and a lot of the veterans we talked to who go through those programs talk about what we commonly refer to as death by PowerPoint. And these are men and women who have given so much and have sacrificed so much and are so burdened with that transition and just want to get it behind them and move on with their lives.

And I think, Mr. Walz, you were there at a joint hearing with the Senate on this, and I sat there listening, and I tried to think of this the way somebody in Iowa would, sitting around their kitchen table, and Holly Petraeus was one of the witnesses who was testifying there. And I said, you know, if you are concerned about making sure that somebody has access to an 800 number or a Web site or a Facebook page that they can access, we put that on a refrigerator magnet because that is what we do and we want to know where to find something.

Senator Rockefeller looked at me and he seemed very intrigued by that concept. I don't know that he has a lot of refrigerator

magnets but it is one of those simple things that really can have far ranging benefits to people who are so burdened with information, they don't even know where to start to get the answers to the questions that they have, and I think sometimes we have well-meaning people who are highly educated, who want to do the right thing and want to take into account every potential contingency and forget the underlying objective of the original program.

So I appreciate all of you being here today. And thank the Chairman again for holding this important hearing.

Mr. STUTZMAN. Thank you to all of you and I appreciate you being here and your information has been very helpful and very valuable.

We do have votes at 5:00, so I think we will go ahead and excuse you all and we will bring up the last and final panel.

With us today representing the National Association of State Approving Agencies is Mr. Chad Schatz. Thank you. Who is accompanied by Mr. Skip Gebhart. And I would like to remind everyone that the SAAs are a critical link in approving schools and courses for GI Bill benefits.

And then next we have Retired Major-General Rob Worley. General Worley is the new Director of VA's Education Service and has been on board for about a month and we welcome him to his new post. And welcome to the Subcommittee. We thank you for your years of dedicated service to our country and the U.S. Air Force as well. So Mr. Schatz, is that correct?

Mr. SCHATZ. Schatz.

Mr. STUTZMAN. Schatz, okay. We will recognize you for five minutes for your testimony.

STATEMENTS OF CHAD SCHATZ, DIRECTOR, VETERANS' EDUCATION AND TRAINING SECTION, MISSOURI STATE DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION; ACCOMPANIED BY SKIP GEBHART, ADMINISTRATOR, OFFICE OF VETERANS EDUCATION AND TRAINING PROGRAMS, WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION ON BEHALF OF THE NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES; GENERAL ROBERT M. WORLEY, II, US AIR FORCE, (RETIRED), DIRECTOR, EDUCATION SERVICE VETERANS BENEFIT ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF CHAD SCHATZ

Mr. SCHATZ. Mr. Chairman, Ranking Member Braley, Members of the Subcommittee on Economic Opportunity, we represent every school and college and training program relative to the usage of the GI Bill.

The idea of adopting and applying Principles of Excellence as outlined in the Executive Order is consistent with sound educational philosophy and practices and is currently recognized, respected and implemented throughout much of the education community. Our experience tells us that while some of the proposed requirements of the Executive Order may be helpful to the achievement of the President's goals, they also could result in the establishment of measures and systems that duplicate other approaches

and services that already meet the objectives, although in varying degrees of comprehensiveness. Full execution of the Executive Order principles could lead to increased work for institutions and other entities without proportional value being added to the process of helping Veterans reach their career goals.

For example, the principles related to the availability of other types of financial assistance and information regarding debt, and those which address the development of educational plans and the designation of points of contact for academic and financial advising are important to the vast majority of educational institutions and are generally integral to the services that they presently provide.

Similarly, the information about outcome resources referred in Section 2, subparagraph A and further elaborated upon in Section 3, subparagraph C is currently available through various systems managed by the Federal government and reputable private sector organizations. We suggest that these areas of concern receive additional study and analysis before mandating their presentation or publication in another separate and distinct format.

We support efforts to discover false advertising and fraudulent recruiting practices and to tighten policies and procedures that discourage such practices. Section 3696 of Title 38 provides an excellent framework from which to work for G.I. Bill purposes. We suggest that the Subcommittee consider holding a work session to address these issues.

We do not support the concept advocated in Section 2, subparagraph D. It appears to limit the use of the G.I. bills and discriminate against enrollment in some very good non-accredited programs of education, some of which are offered by a quasi-governmental and not-for-profit entities. Section 3676 of Title 38 provides the basic framework for state governments through their state approving agencies to insure the quality and integrity of non-accredited programs. We encourage the Subcommittee to conduct a careful review of existing consumer safeguards and student information initiatives.

Additionally, we offer the following recommendations. Number one, convene a working group of stakeholders whose purpose would be to research problems associated with the successful administration of G.I. bills and make recommendations to the Subcommittee on changes necessary in law and/or policy to address the problems.

Number two, reinstate the approval and disapproval authority held by state approving agencies prior to the enactment of Section 203, Public Law 111-377. Remove the deemed approved provision from Section 3672 and re-designate state approving agencies as having disapproval authority in Section 3679.

These changes would help to restore the partnership between the Federal and the state governments that helped to make the G.I. Bill successful for over 65 years. The changes would provide the authority to states, and state approving agencies, to take definitive action to help resolve problems in areas in a timely manner with minimal disruption to the perspective and currently enrolled Veteran students. States have the infrastructure, experience and the expertise necessary to assist Congress and the VA in meeting the challenges forthcoming by increasingly complex educational deliv-

ery systems. Where improvements in the process used by state approving agencies become necessary, there are already existing provisions in law to help, such as mechanisms in Section 3674(A).

Mr. Chairman, the National Association of State Approving Agencies suggests that there are many aspects of the Executive Order that require technical clarification with respect to current law. With the Subcommittee's agreement, NASAA would appreciate the opportunity to submit a letter in this regard.

In closing, Mr. Chairman, NASAA expresses to, its appreciation to both majority and minority staffs for their many courtesies.

[THE PREPARED STATEMENT OF CHAD SCHATZ APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you. General Worley, you are recognized for five minutes.

STATEMENT OF GENERAL ROBERT M. WORLEY

General WORLEY. Thank you, Mr. Chairman. Mr. Chairman, Ranking Member Braley, and distinguished Members of the Subcommittee.

I am pleased to be here today to discuss the Department of Veterans Affairs' efforts to implement Executive Order 13607, entitled Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members, which is designed to strengthen oversight, enforcement and accountability within educational benefit programs.

The VA fully supports the Executive Order which directs VA and other Federal agencies to develop and implement these principles of excellence to ensure servicemembers, veterans, spouses and other family members using military and veterans education benefits have comprehensive educational and financial aid information so they can make informed choices in selecting educational programs which will best meet their educational and readjustment needs.

Further, the Executive Order will put in place enhanced oversight and enforcement mechanisms to ensure beneficiaries are protected from deceptive practices and have avenues to resolve effectively their complaints. In Fiscal Year 2011, the VA provided educational benefits to nearly one million veterans, servicemembers, and dependants, under the Post-9/11 G.I. Bill and our legacy educational benefit programs. While we continue to focus on processing education claims accurately and timely, the VA has been working to expand our focus from benefit delivery to providing more comprehensive information and support throughout a veteran's academic career.

In 2011, we updated the G.I. Bill Web site to include resources such as "Choosing Your School" guidebook, as well as links to the Department of Education's College Navigator tool set, and the Department of Labor's ONET occupational handbook.

As you know, the VA also sponsors the VetSuccess on Campus program and offers vocational counseling through Chapter 36 for all students eligible for VA benefits.

The strong impetus of the Executive Order will help build on these types of efforts and provide additional support to best serve

our veterans. An additional key aspect of the Executive Order deals with developing a strategy for the development of comparable student outcome measures. This is an important issue and one measure the VA is taking in this regard is the initiation of a longitudinal study of veterans who are using post-9/11 G.I. Bill benefits.

This study will track three cohorts of beneficiaries over 20 years and will measure outcomes in four key areas: employment, educational attainment, income, and home ownership. The first survey for this effort is out for public comment now and is anticipated to be put out next year, 2013.

The VA is aware of concerns of improper recruitment of veterans by educational institutions and continues to work to enhance our oversight and response. With the passage of Public Law 111-377, the Veterans Educational Assistance Improvements Act of 2010, VA is leveraging existing relationships with state approving agencies in an expanded compliance role, to provide additional oversight, and we are building upon existing collaborations with the Departments of Education, Justice, Defense, Labor, the Federal Trade Commission, and the Consumer Financial Protection Bureau to expand oversight, share information, and develop a strategy for implementing the centralized complaint system which is required by the Executive Order.

VA has already begun implementing some of the requirements of the Executive Order. This week we will disseminate the Principles of Excellence to G.I. Bill schools, and seek their response with respect to their intent to comply with the Principles of Excellence or not. In addition, we've already initiated the application to the Patent and Trademark Office for the registration of the term, G.I. Bill.

Mr. Chairman, Ranking Member Braley, the VA is committed to working with all stakeholders to implement the provisions of this Executive Order to ensure veterans are informed consumers, and schools meet their obligations in training this Nation's next greatest generation.

This concludes my statement. I look forward to your questions.

[THE PREPARED STATEMENT OF GENERAL ROBERT WORLEY APPEARS IN THE APPENDIX]

Mr. STUTZMAN. Thank you. General Worley, in your written testimony you say that there have been numerous reports of aggressive and deceptive targeting of servicemembers. Can you explain and verify how many of those have been verified? What were the findings on those?

General WORLEY. I'm sorry. Mr. Chairman, could you repeat the question?

Mr. STUTZMAN. In your written testimony you have towards the Executive Order headlined, "Since the post-9/11 G.I. Bill became law, there have been numerous reports of aggressive and deceptive targeting of servicemembers." Can you elaborate on that a little bit more? What were, are there findings? Is there any investigation? How many of those reports have been verified?

General WORLEY. Mr. Chairman, I don't have specifics of, well, I mean, I haven't delved into the specifics of which of those reports have been verified or not. This is in response to reports that are out there, and what I can tell you is that through the Compliance

Program that we have and we cooperate and help the state approving agencies do. That has identified even in my short time in the job institutions where either deceptive practices or other issues have been raised that have resulted in either suspension or withdrawal of those institutions as G.I. Bill approved schools.

So I have knowledge of some specifics about schools that have engaged in those kinds of activities. But as far as the actual reports of specific veterans, I don't have that.

Mr. STUTZMAN. Okay. Is that, could you submit those names to the Committee staff at some point?

General WORLEY. Yes, Mr. Chairman.

Mr. STUTZMAN. Okay, and then also, is there a definition for aggressive recruiting, fraudulent actions that are being taken? Can we have specifics and better definitions on what that actually is?

General WORLEY. My response to that, Mr. Chairman, would be when we do compliance surveys of these institutions, we are assessing their programs against the requirements for G.I. Bill approval. So consistent with those definitions and those specifications is how that's done.

Mr. STUTZMAN. Okay, and finally, Mr. Gunderson of a previous panel stated that the education community has not been asked to meet with the Executive Branch as part of the implementation of the Executive Order. Do you know will that happen, or has that happened?

General WORLEY. Mr. Chairman, I anticipate that to happen. I mean, this is the early stages. We'll be, again, collaboratively working with the Department of Education, DoD, and so forth to work all of these issues. The Executive Order, as you know, directs each of those institutions to, in some cases, lead a particular provision or task, others to co-lead or collaborate in consultation with. So those, that work is to be done and we'll be working with all of those agencies.

Mr. STUTZMAN. Okay. Thank you, and then, Mr. Schatz, in addition to your suggestion to restore the SAA's role in approving schools and courses, what specific ways can the SAAs assist VA in preventing what is being called predatory practices?

Mr. GEBHART. I'll be happy to answer that, Mr. Chairman. Contrary to the General's statement and with great respect, compliance surveys do not necessarily look at that sort of thing. Compliance surveys look at payment appropriate, or the appropriate payments, things like that. I was on a compliance survey not long ago at one of our larger institutions and with a VA employee, who asked the school to provide copies of their advertising, and we looked at it and it was perfectly fine. It's hard to tell what a predatory practice may be in a compliance survey. It's much easier to talk to veterans and say, "Why did you choose this school?"

Another thing that came out when I was participating in a GAO interview about predatory practices with several of our NASAA colleagues, one of the questions was basically what is a predatory and aggressive recruiting practice? And one of my colleagues said, "You know, it may be that what we perceive to be aggressive is what veterans perceive to be good marketing and good student customer service." For example, many schools, probably private proprietary schools more than public, will assist veterans and all students with

filling out financial aid forms. Public schools typically do not do that. They say, "Go to the Web site, fill out the form."

So a person who is unfamiliar with the college experience, the college environment, and all those forms is going to say, "Wow. This is a really good school because they're helping me fill this out." That is perhaps aggressive, but it may be good customer service. It's very difficult to go to a school and say, yes, they're being predatory and aggressive, or no, they're not, in the kinds of reviews that we have done in a compliance survey.

Now, when the SAAs formerly would do supervisory assistance visits to schools, we would talk to a lot of people. We could sit down and interview. We could look around and we could see what's happening. We could talk to veterans and see what's happening much more easily than we can do now in a compliance survey.

So that's one reason that we are advocating going back to more of the role that the SAAs used to have, because we had more flexibility, and two, we're out there every year. This year in my state, for example, I have 114 approved institutions. Last year we saw almost each one of them. This year, I've been tasked to do 28 compliance surveys, and the VA, my VA colleague is doing about ten. That's fewer than half of the facilities that we have in West Virginia that are approved. That means fully half of them get no visit, no assistance, and no oversight this year. We think that that's not an improvement in oversight, but rather a step backward.

It also does not allow us to help the schools to fix any problems that we might find that we can, could easily work with them to solve very quickly.

Mr. STUTZMAN. Is that in both for-profit and not-for-profit institutions?

Mr. GEBHART. In all facilities.

Mr. STUTZMAN. And would you say that bad practices are limited to for-profit schools, or do you find it in not-for-profit schools as well?

Mr. GEBHART. Absolutely not. They're limited to schools. Period. We find as many issues in public schools as we do in private proprietary schools or private non-profit schools. Administratively speaking, the proprietary schools probably do a better job with the paperwork because, you know, that's part of their business practice, to do things right because they depend upon that approval on doing things correctly to continue getting the benefits.

Where the public schools do not have a profit line to worry about, they don't necessarily worry about the administrative things as much, either. Now, that's not to say that all public schools mess up their paperwork and all private schools don't. But there is probably a tendency to say in reviews that I've done over the last several years, I find more problems in the public schools in terms of accurate reporting and so on, than I do in the private schools.

Mr. STUTZMAN. Thank you. Mr. Braley?

Mr. BRALEY. Well, Mr. Gebhart, it seems like we have a collective amnesia in this room about the abusive practices that have been well documented by the general accounting organization and others, and so let me just start and see if I can refresh everyone's memory.

This is an April 26, 2012 article called, Accountability in Military Education by Holly Petraeus, and I think we all know who she's married to, and in this article she refers to the interviews that her bureau, the Consumer Financial Protection Bureau had. She describes an active duty military spouse in Fort Campbell, Kentucky, who filled out an interest form and was called ten to 15 times a day until she enrolled. That sounds like an abusive practice to me.

And then in another article she wrote for the New York Times on September 21, 2011, titled, For Profit Colleges, Vulnerable G.I.s, she noted the financial reality of what we're talking about. Between 2006 and 2010, the money received in military education benefits by just 20 for-profit companies soared to an estimated \$521,000,000 from \$66,000,000, and we all know that the for-profits are getting a lion's share of the G.I. Bill benefits and military assistance benefits, based upon the proportion of students they enroll.

The Des Moines Register recently did an editorial called, For-Profit Colleges Need Close Scrutiny from Congress, and they cite the GAO study which used undercover Congressional investigators to pose as prospective college students applying for admission to 15 for-profit schools. They were misled about financial costs, aid, graduation rates, while being hounded to enroll. One was called 180 times in a single month. A recruiter said a massage therapy certification for \$14,000 was a good value, even though the same certificate could have been earned at a nearby community college for \$520.

A recent USA Today editorial that just came out refers to schools stretching the truth or worse, 13 of the 15 colleges investigated by the GAO gave agents posing as applicants questionable even deceptive pitches about graduation rates, guaranteed jobs or likely earnings, and that editorial concluded, "This is a shoddy way to treat any student and it's a dubious way to invest taxpayer money. It's just all the more offensive when it's applied to veterans."

So I don't think we should ignore the realities that this subject has been part of a lot of intense scrutiny and even our former colleague in responding and providing an opposing viewpoint, Mr. Gunderson said, "All schools should be measured by the same standards. No more, no less. And when the Administration and Congress apply such standards to all post-secondary institutions, we applaud their hard work."

I think that's what we're trying to get to here is a system of transparency that holds all institutions getting Federal dollars accountable. But we also have to be aware of where the lions share of that funding is going and making sure people aren't being misled into pursuing education that have no realistic expectation of completing or getting a good paying job. And when you look at the default rates on these loans and on these payments there is another highly disproportionate figure that stands out. So, I'm not trying to pick on anybody. I think all of these institutions have a place in the portfolio of educational services to veterans. But we also can't ignore some of these realities.

Mr. GEBHART. I thank you, sir. My point was on a compliance survey or on a review at a school, it's difficult to see those predatory practices. I'm basically a one person operation in terms of pro-

fessional staff, I can't go undercover. Most of us don't have the resources to do an undercover study like GAO did.

When we get that kind of information we do react to it, we do respond to it and I can say in the State of West Virginia we now have a law—State law that probably was passed—the regulations were passed today I hope at our commission meeting, that requires all of our schools, public and private, to provide the very kind of information that the Executive Order requires, that the Senator Webb's bill requires and Senator Murray's bill requires.

We've already taken that step in West Virginia for all students for all schools, because you're right it is a big issue. People do need to understand how to make the choice. If we had more ability to look harder at some of these schools, perhaps we would find more, but we don't have the resources at this point.

We've had \$19 million for about seven years to fund our program and nobody's been able to hire any extra people. And that's what it would take to do the increased oversight.

Mr. BRALEY. Do you think that the laws on the books at present provide enough remedies to pursue people who are engaged in fraudulent and deceptive practices?

Mr. GEBHART. Yes and no.

Mr. BRALEY. Let's talk about the no part.

Mr. GEBHART. They're vague to some extent and I'm not suggesting that we can come up with a cutting score that will say well, if you get to this level you're okay and if you're below that level you're not, because the metrics are very, very difficult as a number of people have said today, to nail down.

But with SAA's doing the approval and disapproval as we used to do, we have more flexibility to find and remedy those things. Right now, half of our schools, at least in my state maybe more in other states—half of the schools are no longer under my jurisdiction for all practical purposes.

Mr. BRALEY. And I'm sorry and my time is up Mr. Chairman, but why is that?

Mr. GEBHART. Section 203 Public Law 111-277 said, "All public accredited and private not-for-profit accredited programs are deemed approved." And we have no authority to do anything about that, if we find deceptive practices or bad educational outcomes or anything.

Mr. BRALEY. Thank you.

Mr. STUTZMAN. Mr. Walz.

Mr. WALZ. Thank you, Mr. Chairman. I'd follow-up on that. Would it be your contention, Mr. Gebhart, that if we change that and gave you that ability to go look at those things that that would help the situation?

Mr. GEBHART. I believe it would.

Mr. SCHATZ. Absolutely it would. No question about it.

Mr. WALZ. Because this one, I think Mr. Braley did a very eloquent job of this and the frustration. There is fraud in this and I have to be very clear, this is to me the most despicable kind. It's putting a target on the backs of those veterans who already risked their lives for the country.

I also am very cognizant not to paint with a gross generalization across every institution, but we have got to figure out a way to weed these folks out.

Mr. Gebhart, you said something I have never heard anyone say yet. Were you intimating that the public institutions are worse than the private? Is that the case in West Virginia?

Mr. GEBHART. In terms of paperwork processing, yes, I would say so. That doesn't mean that they're educationally worse. It means we find more errors in those kinds of schools than we do in the private schools. At least that's my experience. I think Mr. Schatz would agree.

Mr. SCHATZ. I share that. And with respect to the supervisory visits we've done in the past and now the compliance surveys, I think that lines up exactly with what Mr. Gebhart says. My experience is exactly that.

Mr. WALZ. So, we're not getting good data then? We don't have access to good data? I mean, listening to Mr. Nassirian and others and Mr. Braley was laying out, I'm concerned about this, is it shy on paperwork or is it—I'm just kind of at loss here.

I'm just trying to get my mind wrapped around well, first and foremost how big the problem is, secondly, how we approach and tackle the problem.

That's going to be very hard to do if what you're telling me is we're not even sure we're not getting good paperwork in.

Mr. SCHATZ. Well, I think it's a mixed bag here. We have a little bit of both and certainly the issue is, if we're not involved on the front side—think of it like a physician, the other hand, a mortician, we're in the mortician's role right now. Where when we were the physician we helped things where we fixed problems before they became big issues. And with this change we are definitely the mortician. We're not the engineer, we're the mechanic.

Mr. WALZ. It's that gatekeeper analogy where Mr. Nassirian said, "Well, wouldn't it be better to keep the bad food off the shelf instead of warning people about it after the fact that it's there."

Mr. SCHATZ. And that's appropriate.

Mr. WALZ. And we can do that. And you don't think do you—is the frustration boiled up to an Executive Order that says do it and do it now? Do you believe this will be the key to fix this? This Executive Order as it's implemented?

Mr. GEBHART. I think it will go a long way in some areas, but it still doesn't do as much in oversight. You know the fact that I'm only seeing half of the institutions and training facilities that I saw last year says things could be going on in that other half that need to be addressed and won't even be discovered.

Mr. WALZ. I think you're hitting on something right there and my fear is is that we've got a lot of partners I think could help us. In listening to this last panel they feel like they were isolated away from being part of the solution and now they're being deemed as part of the problem and I would hope the case wouldn't be that there would be resistance put up, but I think you could see it where there's more requirements coming down without looking at the data and I think there's a sense of institutional pride that's going to come with a lot of these places. That, dang it, we're doing a pretty good job, we're showing you these numbers, but it's still

not making any difference, we're getting hammered down with everyone else.

Mr. GEBHART. If we are—if the SAA's are out visiting all of the schools every year as we have always done up until this year, oversight will be improved, responsiveness will be improved. We can fix problems on the spot in many cases.

You know, working for the chancellor of higher education, I can go to a president and say, you have a problem here because your data system doesn't work right to tell your clerks what to do when a veteran drops a class.

Mr. WALZ. Yeah.

Mr. GEBHART. Instead of a manual check. I can fix that. The other thing is, I get a sense that there is some feeling that we are against VA and against compliance. That is far, far, far from the truth. We have always done compliance reviews, we've shared the information with VA, we just haven't done it on their forms and in their process.

We would be very willing—we are very willing to help VA with doing compliance. What that entails is gathering data in the field and then analyzing VA payment records to see if they paid correctly.

Mr. WALZ. You're going to have to be trusted with some of their data then. It goes back to the question I made in the earlier panel.

Mr. GEBHART. Well, no, not really.

Mr. WALZ. Really?

Mr. GEBHART. We can provide data from the school to say, this is what the school said would happen on the VA certification form and we look at their academic records and their financial records and we say, this is what did happen. When they don't match up, we have a discrepancy. We can send that data to VA and they can then look at their records, which are very cumbersome and complicated for most SAA's to even get into. I don't have access yet, Chad doesn't have access yet, about half of our people do.

So, if we were to simply say or VA were to say we want you to look at these 30 cases, get us the data on them, we could very easily do that because we've always done that anyway.

Mr. WALZ. General Worley, doesn't that make sense to see these partners and have this resource that's out there to do that? To be able to do what Mr. Gebhart is saying as a collaborative effort?

General WORLEY. Thank you, Congressman. A couple of points on this issue. The pre-approved, if you will, institutions under the 111-377 law are not, certainly, prohibited from being visited. They're in the mix, so they get compliance visits just like other people.

The magnitude of the expansion, if you will, if I could give you some numbers, last year we conducted, without SAA's being involved, approximately 1,700 compliance surveys. This year to date, this fiscal year to date, we've done about 2,700.

And so, being able to use the resource of the SAA's to do these kinds of surveys is truly been and expanse of the effort.

The other thing to understand is, the compliance surveys that they're conducting related to the post 911 GI Bill are a little bit more complex, they take a little bit longer to do. I'm not sure if

that's what accounts for fewer numbers in the cases you've heard here, but that may account for some of it.

And as we look at these things, although it may be difficult to determine deceptive practices and those kinds of things, the compliance surveys are able to identify, in some cases, some serious enough misrepresentation or improper practices that the SAA's are pulling approvals.

Mr. WALZ. Well, thank you, Mr. Chairman. Thank you for your candidness to help us understand this. I appreciate it.

Mr. STUTZMAN. Thank you. I'd like to follow up on that and I'm not sure which one of you all can answer this. But, these aren't just hypothetical situations out there, these are real cases that veterans are experiencing. But as you're collecting that information, do we even have a way of classifying that? Do we have a way of categorizing these specific cases, so we know what the problem is? Is there a continual problem with a specific institution? Is there a problem across the board for veterans that they're experiencing?

In one of the previous panels, actually, Mr. Gunderson said that the number one complaint that he received at the school done in Virginia was payment from the VA.

So, we're talking about aggressive or deceptive actions here, I mean, is there any way—do we even have any categories? Is this what the Executive Order is requesting? Is that what we're going to get? Any comments?

Mr. GEBHART. We don't have a database, but we have the data points. Every time we did a visit, we would know what we had seen and what we had done. That was transmitted to VA if there were issues, but we don't have a nationwide database. I don't believe VA does, but I'm not sure.

General WORLEY. Mr. Chairman, I'm not sure if we have a database to get at what you're asking. But, again, as these things are identified as we go along, the more serious issues are addressed. Smaller issues are also addressed that aren't to the degree of withdrawal or a suspension of a school as Mr. Gebhart has described, so there's a lot of corrective actions that happen along the way to help educational institutions comply with what they're supposed to be doing.

Mr. STUTZMAN. I guess what I'm trying to find is the number one complaint that we heard from all three panels, the one that was mentioned was payment issues. What else out there—what other problems are we hearing about that veterans are experiencing? We're hearing aggressive tactics, deceptive tactics. Are veterans experiencing disappointment in the services that they receive? How are we going to address that? Is there a plan?

General WORLEY. Well, as you know, Congressman, there are many—I'm sorry, Mr. Chairman, there are many avenues for veterans to make their complaints known to us and then we address those either through our call center or the Web site and we take actions on that.

Whether they are issues with payments or issues with timeliness, again, we work hard to process the claims in a timely way and to pay accurately. And we're, occasionally, of course, like all humans we might make a mistake and we work to correct that and restore, the proper benefit to the veteran.

Mr. STUTZMAN. Would you say that the VA has tools already in place to deal with bad apples out there if there's an egregious case that you can deal with them? Are there schools that already have had payments withdrawn or are taken out of eligibility?

General WORLEY. There are schools who have either been suspended or withdrawn as GI Bill approved schools, based on things found either through compliance surveys or through State inspections or reviews, yes sir.

Mr. GEBHART. Mr. Chairman, if I may give an example, I think too—to back up just a moment, VA has done a fantastic job of dealing with an extremely complicated benefit package and initially there were lots of difficulties as there were with every GI Bill and getting payments out. Things are going much, much better.

It's the same thing if you ask a military member, how's the food in the chow hall? They're going to say well, it's not mom's home cooking. If you ask them how their VA payments are going? Well, it's not fast enough. That's a fact of life. There are some legitimate concerns, VA is working on them. VA works quickly and well to try to resolve individual situations.

And then I lost my train of thought.

General WORLEY. Keep going.

Mr. GEBHART. Yeah, keep going. In any case, VA is doing a good job of catching up on things. I think at the school level there is frustration among the schools because they're not getting the help they used to get from State approving agencies because we're not out there as much.

And, yes, we may visit them, we may do a compliance survey if VA assigns one to us, but under our contract we will not be reimbursed for the cost of making those kinds of visits unless they're compliance surveys.

So, that's why we're saying we're not doing the oversight that we used to do, because we can't afford to do it. You know, we don't have State money that's flowing into our pockets. We are reimbursed for the contracts we have, in essence, with Congress through the VA. So, that has been limited and we can't make the kinds of visits we used to make.

We would like to be out there more. We would like to head off the problems. We can fix them on the spot. We notify VA of the problems we find and sometimes they have to do a compliance survey.

Just as a bit of background, I was with VA for 23 years, I started doing compliance surveys in 1975 and I was on two that ended very badly for the schools. We closed one school completely, it was a private proprietary operation that was just not a good thing. And we came very close to closing a public community college and we cost a president his job through the State approving agency back then.

This is not new stuff, it's complicated more by Chapter 33, the post 911 GI Bill and the many ways payments are made and so on.

It's not that terribly new, but with VA and the SAA's working together in the past, those problems have been dealt with for 65 years.

Now, when—we have not been in that kind of partnership recently. We want to be. We want to be able to help VA. We want to be able to say we're looking at the educational quality, we're

looking at all those things, we're looking at appropriateness of reporting. Let VA look at the appropriateness of their payments. We don't feel we should be auditing a Federal systems payments or a Federal entitlement programs payments, which is, in essence, what we're doing with these new compliance surveys.

We are more than happy to provide them all the information they need from our campuses to do their audits and we would welcome the chance to continue that relationship, but do it for all of our schools like we've been doing.

Mr. SCHATZ. I might add—I'm sorry.

Mr. STUTZMAN. Sure.

Mr. SCHATZ. If I might add, historically there was a period of time that when some of the states, including my state, the State of Missouri, Oklahoma in the reign of on the job training and apprenticeship, we did—we had data gathering assignments and we assisted with the compliance on that end, which is, I think, is basically what Skip is speaking to as a possibility in the future and this worked extremely well. That practice, at some point, was abandoned, but it was successful.

Mr. STUTZMAN. Okay. Thank you. Mr. Braley, any further questions or comments?

Mr. BRALEY. Just a couple. Mr. Gebhart, that chow in the chow hall may not be like mom's home cooking, but my impression is it's a heck of a lot better than it used to be.

Mr. GEBHART. I understand it's improved, yes.

Mr. BRALEY. And General Worley, I just want to follow-up a little more question with you. I recently had the honor of flying to Iwo Jima with 12 World War II veterans who served there with my dad 67 years ago. One of them is the president of the University of Richmond.

And these were the original beneficiaries of the GI Bill. And Holly Petraeus' September 21st, 2011 article in The New York Times—she wrote one of the most egregious reports of questionable marketing involved a college recruiter who visited a Marine barracks at Camp Lejeune, North Carolina. As the PBS program Frontline reported the recruiter signed up Marines with serious brain injuries. The fact that some of them couldn't remember what courses they were taking was immaterial as long as they signed on the dotted line.

When I read that I get furious, because we dishonor every veteran when we allow practices like that to take place and don't find an effective way to swiftly and appropriately punish people who would do that to the men and women who defend this country.

So, I'm going to give you the last word and ask you, how do we do a better job once these practices are identified, in getting that information to the appropriate agency for swift and effective corrective action?

General WORLEY. Thank you, Ranking Member Braley. As a veteran myself with a son who's actually stationed at Camp Lejeune, I couldn't agree with you more.

The particular issue that you talk about should be addressed as part of this Executive Order, perhaps not newly identified necessarily, but on the Department of Defense side, as you know, the Executive Order will require more focus on access to educational

institutions going on to military installations, to put more rigor behind even letting the access happen in the first place,—in addition, as you know, the Executive Order talks about enhancing the enforcement, some kind of centralized complaint process. This will take some work and collaboration between the various agencies because we have one version or another of a complaint system that we use to try to address complaints by veterans or try to address these types of issues. Bringing that together would be some significant work that needs to be done in order to implement the provision of the Executive Order. And we stand ready to work those kinds of issues vigorously. Thank you.

Mr. BRALEY. Thank you.

Mr. GEBHART. Can I have about 30 seconds?

Mr. STUTZMAN. Yes.

Mr. GEBHART. Regarding such practices we will take action immediately. An example is, in my own state, a large private non-profit university, whose accreditation is now under severe scrutiny because the nursing program accreditation was withdrawn by the nursing board.

My first action was to withdraw their approval for GI Bills in the program. The Higher Learning Commission has come in, for a study on campus. They will be meeting in June to consider that school's entire accreditation. If they take that away, my first step would be to withdraw their approval as well, then ask them to apply as a non-accredited school and take a hard look at what they're doing.

So, if we know about things like that, if we're told that, we do take action. A similar case in Texas, I think—and I can't think of the name of the school, but our State Approving Agency in Texas immediately suspended that school because of the violation. So, when we find about things, action is taken. It's a question more of how we find out and those things are very difficult to see from looking at school's paperwork. Thank you.

Mr. STUTZMAN. Thank you very much. I apologize for the microphone situation. I want to thank you for being here, for your service and testimony today. We, obviously, know the challenge that we face in that our veterans aren't getting the service that they deserve or expect.

And if there's nothing further, I think I'm going to go ahead and call the meeting. I want to thank everyone that's here and testified today. I ask that all members have five legislative days in which to revise and extend their remarks and include any extraneous material in regards to today's hearing. Without objection. This hearing is adjourned.

[Whereupon, at 5:10 p.m., the Subcommittee was adjourned.]

A P P E N D I X

Prepared Statement of Hon. Marlin Stutzman, Chairman

Good afternoon everyone.

As you all likely know, there has been considerable discussion on the other side of Capitol Hill and in the press about instances of questionable practices by schools as well as the need to increase transparency to the operations colleges and universities.

President Obama recently issued an Executive Order directing VA, the Department of Education, and DoD to take steps to improve the information and services available to veterans and to police the college education market.

We are here today to listen to many of the stakeholders involved in veteran education and I am eager to hear from them regarding the possible effects of the President's order.

I would note that the Executive Order contains some elements in legislation we considered in our March hearing, introduced by Mr. Bilirakis and myself, as well as many other items. For myself, I am open to things that will add to veterans' ability to make informed choices while not reinventing the wheel.

For example, the Department of Education's College Navigator Web site has 272 categories of data, many of which are further subdivided by various demographic and financial subcategories. After reviewing those categories, other than the number of veterans attending a school, I believe it would be the rare veteran who would need more information to choose a school than now contained in those of 272 data points.

Before we begin with the first panel, I would like to note that in reviewing today's testimonies, several witnesses have testified that there needs to be a coordinated effort on the part of the various oversight organizations.

In my opinion, this Subcommittee's role in that effort should begin with ensuring that the membership of VA's Advisory Committee on Education reflects that need. We also must ensure that the Advisory Committee has the opportunity to present its views on these types of issues to the Secretary and Congress as required by 38 USC 3692.

I am disappointed that since Congress revised the advisory committee's membership in Public Law 111-275, the Committee has not met in the past year and possibly longer. Therefore, I hope Director Worley will inform us of his plans to make use of the advisory committee.

Also, in reviewing the membership of the advisory committee, I think we should consider bringing in some experts in compliance and enforcement and I look forward to working with the Ranking Member and the Subcommittee to enhancing the role of the advisory committee.

I now recognize the distinguished Ranking Member for his remarks. I would note that as a graduate of both Iowa State University and the University of Iowa, he must have no difficulty getting tickets to autumn's civil war between the Cyclones and Hawkeyes. Since this is an election year, I will not ask him which school he roots for. Mr. Braley.

Prepared Statement of Hon. Bruce L. Braley, Ranking Democratic Member

Thank you Mr. Chairman for conducting this hearing today, I look forward to discussing the President's recently issued Executive Order.

The purpose of the Post-9/11 GI Bill is to provide our servicemembers, veterans, and their dependents with access to a quality education. Although many policy changes have taken place since the implementation of the Post-9/11 GI Bill, we continue to provide oversight on this generous veterans education benefits. And we owe

it to veterans and taxpayers to make sure money for this program is being spent wisely.

Veterans deserve to have accessible, standardized information regarding educational institutions and degree programs in order to make informed choices on how best to get the education they have earned under the Post-9/11 GI Bill. Unfortunately, I have heard some reports of aggressive and deceptive targeting of servicemembers and veterans by some educational institutions.

As US Supreme Court Justice Louis Brandeis famously stated, “sunlight is the best disinfectant.” I agree, and that is why I am pleased the Administration is trying to address these abuses through an Executive Order that provides servicemembers and veterans with the information they need to make informed choices and to find the best educational institutions and course of study that are right for them.

The Executive Order was prompted in part by a call for action from thirteen different veteran and servicemember groups when they wrote a memo called the “Military & Veteran Students Educational Bill of Rights.” The order establishes Principles of Excellence for educational institutions. These Principles provide added enforcement, oversight, and most importantly transparency for prospective students seeking to use their Post-9/11 GI Bill.

The Principles would require that educational institutions collect and provide information to help prospective students make an informed decision when deciding on an educational program. Participating institutions will provide detailed information such as a “Know Before You Owe” form, which discloses information about tuition and fees, financial aid, estimated student loan debt upon graduation, and graduation rates.

These Principles will aid in making informed educational decisions. By providing needed information in an easily-accessible form, Executive Order 13607 will help curb fly-by-night recruiting techniques, and provide protections to servicemembers whose deployment may require short absences.

This information is critical for veterans, a good number of whom may be the first in their families to attend college. It is imperative that we provide these veterans, and all of our veterans, with the tools they need as they work their way through the college application process.

I do not believe there is such a thing as “too much information” to provide veterans and servicemembers making decisions that will affect the rest of their lives.

I look forward to hearing from our witnesses and from the VA on the steps they are taking to implement this Executive Order and make the Post-9/11 GI Bill the keystone veterans benefit for the 21st Century.

Thank you Mr. Chairman and I yield back.

Prepared Statement of Joe Wynn

INTRO:

Good Afternoon, Chairman Stutzman, Ranking Member Braley, other members of this Subcommittee, fellow veterans, and guests.

Let me first thank you for the opportunity to come before you on behalf of the veteran’s organizations I represent to share some of my views on the President’s recent Executive Order #13607 entitled “Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and other Family Members” and its impact on schools and veterans.

With more and more reports coming out over the past 2 years about how For-Profit Colleges and Institutions that receive GI Bill funding are providing a disservice to students who are veterans; this Executive Order is a generous step towards offering an opportunity for these institutions to rectify this situation before pending legislation is passed that will impose more severe regulatory remedies.

Though my time of service was many years ago, as a veteran of the US Air Force with the 66th Strategic Missile Squadron, I still have very vivid memories of the military experience. I also remember quite well the tough time I had finding employment after going to a For-Profit Institution that provided no placement assistance and counseling though they advertised that that would. My experience just serves as an example of what many veterans from Iraq and Afghanistan have been going through in the past few years.

According to recent reports by the Government Accountability Office, the National Bureau of Economic Research and Harvard University researchers, students at For-Profit Colleges have lower success rates than similar students in public and non-profit colleges. Reports also show lower graduation rates, employment outcomes,

with higher debt levels and loan default rates. Ongoing analysis being done by the U.S. Senate Committee on Health, Education, Labor and Pensions (HELP Committee) shows that the For-Profit Colleges receiving the largest sums of money also have a large number of students dropping out.

Since our young men and women stepped up to serve this country following the devastating attack on our nation on 9/11; many returning as veterans who served with honor, and many who received distinguished honors for displaying valor and courage during their periods of military service for this country; they don't deserve to be taken advantage of. Every effort should be made by every institution, government agency, and commercial enterprise to ensure that these veterans receive all of the benefits they are entitled to and deserve.

A new generation of veterans now exists; they are well trained, loyal, battle-tested and under-employed. 'As a Nation, we have been unsuccessful in providing the originally promised assistance our veterans have earned, deserved, and required so that they would have the opportunity to be as successful in their civilian pursuits as they were in their military assignments.' (VET-Force Report to the Nation 2012)

CAVEAT EMPTOR for VETERANS

Caveat Emptor is a Latin phrase for "Let the buyer beware." The term is primarily used in real property transactions meaning that the buyer must perform their due diligence when purchasing an item or service. In other words, consumers need to know their rights and be vigilant in avoiding scams. For example in the private purchase of a used car, the onus is on the buyer to make sure the car is worth the purchase price because once the transaction is complete the buyer will not receive a warranty or return option to the seller.

But when it comes to shopping for an education, a student/veteran should not have to be treated as if they are buying a used car. They need to be given all of the information regarding tuition and fees up front before they enroll in a program of study. They should not be burdened with additional fees after completion of the program that they were not aware of initially or that would not be covered by other funding sources.

Students/Veterans should be made well aware of the quality of the education offered and their potential for employment pending the successful completion of a selected program of study. Counselors should be readily available to provide academic advice.

While For-Profit Colleges play an important role in educating students who may not qualify for traditional schools, over the last decade, far too many institutions have been cited for burdening students with ruinous debt. A report from the Government Accountability Office disclosed that fraudulent or deceptive practices were used at all 15 of the For-Profit Colleges visited by investigators posing as prospective students. Some college officials encouraged applicants to falsify financial aid forms and students were also pressured into signing enrollment contracts before they were allowed to speak to financial aid representatives who would clarify costs.

According to a New York Times Editorial dated 9/11/10, the programs offered at the For-Profit Colleges were substantially more expensive than comparable programs at nearby public colleges. In one example, a student who inquired about the cost of studying for a massage therapy certificate was told that \$14,000 was a fair price, even though the local community college offered the same courses for \$520.

In addition, too many For-Profit Colleges have been cited for enrolling students who have no chance of graduating and tossing them out once that flow of aid is exhausted. According to a New York Times editorial dated July 28, 2010 the inspector general for the Department of Education told Congress that 70 percent of the department's higher education fraud investigations were focused on For-Profit Colleges. Schools have been caught falsifying data on student enrollment levels, attendance and eligibility requirements.

And yet another Senate report found that many For-Profit Colleges spent suspiciously little money on teaching, while spending lavishly on recruiting, marketing and administrative costs.

PRINCIPLES OF EXCELLENCE

Executive Order #13607 issued by President Obama attempts to establish a policy that will ensure that our nation's veterans, service members and their spouses will not be deceived by For Profit Colleges and that specific federal agencies will be directed to provide oversight and management of the benefit programs they use for educational training. For-Profit Colleges will have to establish fair and transparent practices that demonstrate how students/veterans are best served.

For-Profit Colleges and Institutions that receive funding from GI Bill, TA, or MyCAA funding will be expected to adhere to a set of principles that include the following:

- (A) Provide information about the total cost of the educational program including amount of debt owed on any student loans after graduation;
- (B) Inform veterans about other forms of financial aid before advising them of private student loans;
- (C) End fraudulent and unduly aggressive recruiting techniques on and off military installations;
- (D) Obtain approval of the state accrediting agency for new courses prior to enrollment;
- (E) Allow service members to be readmitted if they had to suspend their attendance temporarily due to military service requirements;
- (F) Agree to a refund policy when veterans withdraw prior to course completion;
- (G) Provide a plan that details all the requirements needed for program completion and the time it will take to complete them; and
- (H) Designate a person(s) to provide counseling with regard to academics, financial aid, disabilities, and job searches.

RESPONSIBILITY for IMPLEMENTATION

The agencies responsible for implementation of the Principles will be the Departments of Defense (DOD), Veterans Affairs (VA), and Education (EDU). Consultation will be provided by the Director of the Consumer Financial Protection Bureau and the Attorney General. These agencies will adhere to the following:

- (A) DOD and VA shall reflect these principles in new agreements with educational institutions regarding veterans; and VA shall notify all participating institutions that they are strongly encouraged to comply with the principles and shall post on the VA's website those that do;
- (B) The Secretaries of Defense, VA and EDU in consultation with the Director of the Consumer Financial Protection Bureau (CFPB) and the Attorney General – shall take immediate action to implement this order and within 90 days of the date of this order report to the President on the progress;
- (C) The Secretaries of Defense, VA and EDU shall develop a comprehensive strategy for developing student outcome measures and collecting info on the amount of funding received under the Post 9/11 GI Bill and the Tuition Assistance Program and make them publically available; and
- (D) The Secretary of VA in consultation with the Secretaries of Defense and EDU shall provide streamlined tools to compare educational institutions using key measures of affordability and value through the VA's eBenefits portal and include school performance info, consumer protection info, and key federal financial aid documents all which shall be made available to veterans through education counselors.

ENFORCEMENT and COMPLIANCE MECHANISMS

The Executive Order calls for the Secretaries of Defense and VA, in consultation with EDU, CFPB and the Attorney General to submit to the President a plan to strengthen enforcement and compliance mechanisms. The plan shall include proposals to:

- (A) Create a centralized complaint system;
- (B) Institute uniform procedures for receiving and processing complaints across the State Approving Agencies;
- (C) Institute uniform procedures for referring potential matters for civil or criminal enforcement to the Dept. of Justice and other relevant agencies;
- (D) Establish procedures for targeted risk-based program reviews of institutions to ensure compliance with the Principles;
- (E) Establish new uniform rules and strengthen existing procedures for access to military installations by educational institutions;
- (F) Take all appropriate steps to ensure that websites and programs are not deceptively and fraudulently marketing educational services and benefits to program beneficiaries, including a process to protect the term "GI Bill" and other military or veteran-related terms as trademarks, as appropriate.

IMPACT on SCHOOLS and VETERANS

As referenced herein, this Executive Order offers For-Profit Colleges and institutions an opportunity to improve their performance before stricter legislation is passed. If they desire to achieve the goals proposed in the Executive Order, compliance should not be difficult. Though I suspect that there will be some resistance

since doing the right thing will undoubtedly affect their bottom line. But these educational institutions have to be held accountable.

Any laws, policies or regulations that will serve to improve the likelihood of success for our veterans, military members or their families will obviously be well received by them. However, the agencies directed to take actions under the Executive Order have to fully and continually implement the Principles of Excellence dutifully such that all veterans are able to utilize the educational benefits to the maximum extent possible.

NEED for MORE LEGISLATION

The Executive Order does not address the use of federal aid dollars that has led many admissions officers to use aggressive recruitment strategies targeted to veterans, military members and their spouses using the GI Bill, the Tuition Assistance (TA) program, or the Military Spouse Career Advancement Accounts (MyCAA) program for funding. Until the law is changed GI Bill benefits, TA and MyCAA funds still do not technically count as federal education benefits under the U.S. Department of Education's 90-10 rule.

There are at least 2 bills pending that attempt to address this long-standing requirement that no more than 90 percent of a For-Profit College's revenues can come from federal financial aid. The rationale is simple, make GI Bill, TA and MyCAA funding less desirable and thereby lessen the predatory tactics used to obtain them.

Other pending legislation by Senators Webb and Murray appear to strengthen the Principles of Excellence referred to in the Executive Order. Both Bills were pending prior to the execution of the Executive Order and include some of the same or similar principles. Under Webb's Bill additional requirements would include: (1) Expanding the training responsibilities of the State Approving Agencies by requiring them to conduct outreach activities to veterans and members of the Armed Forces, to conduct audits of schools, and to report those findings to the Secretary of Veterans Affairs; (2) Support services; (3) Compliance reviews; (4) Interagency coordination; and (5) Title IV eligibility.

Under Murray's Bill additional requirements would include: (1) Information availability; (2) Counselors for Education and Veterans Benefits on site; and (3) Curbing misleading marketing and aggressive recruiting.

IN CONCLUSION

This Congress cannot continue to allow For-Profit Colleges and institutions in America to be so big that they can be allowed to take advantage of the citizenry of any State, including military veterans, members of the Guard or Reserves, veterans disabled in or after service, women veterans, Black veterans, minority veterans nor veterans homeless or of limited means. Congress needs to provide support to reinforce or expand the Principles of Excellence as put forth in Executive Order #13607 for the benefit of the persons it is designed to serve.

This concludes my statement.

Executive Summary

With more and more reports coming out over the past 2 years about how For-Profit Educational Institutions that receive GI Bill funding are doing a disservice to students who are veterans; Executive Order #13607 entitled "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and other Family Members" is a generous step towards offering an opportunity for these institutions to rectify this situation before pending legislation is passed that will impose more severe regulatory remedies.

According to recent reports by the Government Accountability Office, the National Bureau of Economic Research and Harvard University researchers, students/veterans at For-Profit Colleges have lower success rates than similar students in public and nonprofit colleges. Reports also show lower graduation rates, employment outcomes, with higher debt levels and loan default rates. Ongoing analysis being done by the U.S. Senate Committee on Health, Education, Labor and Pensions (HELP Committee), shows that the For-Profit Colleges receiving the largest sums of money also have a large number of students dropping out.

Enrollment at For-Profit Colleges and trade-schools has tripled in the last decade to about 1.8 million, or nearly 10 percent of the nation's higher education students. Evidence collected over the past few years shows that For-Profit Colleges are misrepresenting their programs and tuition costs. Rates are far higher than at public and nonprofit institutions. And these schools, partly because they serve poorer students who often need more supportive services, receive almost a quarter of the federal aid.

It appears to be those federal aid dollars that has led many admissions officers to use aggressive recruitment strategies targeted to students who don't qualify academically for traditional colleges and who have no chance of graduating and veterans, military members and their spouses using the GI Bill, the Tuition Assistance (TA) program, or the Military Spouse Career Advancement Accounts (MyCAA) program for funding.

You see, since GI Bill benefits, TA and MyCAA funds do not technically count as federal education benefits under the U.S. Department of Education's 90-10 rule. An institution can increase enrollments of veterans, military members and their spouses without violating a rule that is based on a long-standing requirement that no more than 90 percent of a For-Profit College's revenues can come from federal financial aid. Thus, these institutions are receiving billions of dollars in federal financial aid and still more in GI Bill, TA and MyCAA funding. It's no wonder why these institutions have been receiving increased profits in recent years.

In light of these findings, it's troubling to read news that For-Profit Colleges are being allowed to continue these types of practices with little or no accountability. No wonder why the Obama administration wants to impose stricter operating rules for these For-Profit Schools and have them establish Principles of Excellence.

Prepared Statement of Ryan M. Gallucci

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the more than 2 million men and women of the Veterans of Foreign Wars of the U.S. (VFW) and our Auxiliaries, I would like to thank you for the opportunity to testify on the President's recent executive order, "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses and Other Family Members." The VFW has been one of the leading voices on Capitol Hill working to ensure that our service members and student-veterans receive the educational opportunities they have been promised, and we are happy to see that this Subcommittee takes this issue seriously.

A recent Senate investigation and a series of GAO reports have indicated that certain institutions of higher learning make a concerted effort to recruit military and veteran students into their programs with no intention of conferring relevant educational credentials. While arguments can be made as to the validity of these claims, the fact remains that these reports have created a perception in Washington that taxpayer dollars used to fund military and veterans' education programs have gone to waste and veterans are not receiving the education we promised to them. During these difficult fiscal times, deficit hawks in Washington have seized on this opportunity, looking for ways to scale back these critical programs designed to mold a new generation of American leaders. Last fall, both the House and Senate Veterans Affairs Committees asked the Congressional Budget Office to score a series of scenarios to scale back the Post-9/11 G.I. Bill, and included one such scenario as a potential cost-savings measure in a "Four Points" letter to the Joint Select Committee on Deficit Reduction. The U.S. Marine Corps also announced that it would pare down its Tuition Assistance program—a decision that Marine Corps leaders later rescinded. To the VFW, threats to the continued viability of the Post-9/11 G.I. Bill and military tuition assistance programs are very real, which is why we have encouraged the House, Senate and Administration to take quick, decisive action.

On April 27, the Administration took a bold first step in ensuring our veterans receive the quality education we promised by signing Executive Order #13607, and the VFW vocally supported this effort. Now, we encourage Congress to follow the Administration's lead and pass the education protection bills now before the committees of jurisdiction.

Since late last year, the VFW has consistently worked to build consensus among the veterans' community and various sectors of higher education to better understand the educational landscape encountered by our student-veterans and to improve the information with which potential student-veterans make academic decisions. In January, the VFW spearheaded an effort calling on the House, Senate and the Administration to improve front-end consumer education for student-veterans and to codify complaint processes for student-veterans who believe they were victims of fraud, waste or abuse. The letter, which was co-signed by many of today's key witnesses, served as one of the building blocks of the executive order and has been submitted as an appendix to our testimony today.

As a direct result of this effort, bills have been drafted in both the House and Senate that seek to codify exactly how VA can improve its consumer education and consumer protection practices. Executive Order #13607 reflects many of the ideas

included in these bills, and the VFW believes it offers VA, Department of Defense and Department of Education the opportunity to jump start their collaborative efforts to better serve our nation's student-veterans in advance of these potential new laws. Some in Congress and in the media balked at the executive order, but the VFW unequivocally supports the President's efforts to exert his authority over his executive agencies within the current limits of the law.

From conversations with VA and educational leaders leading up to April 27, the VFW believes that many of the policy recommendations and principles outlined in Executive Order #13607 are already in the works. The President's message will now serve as the impetus for agencies to act now.

Executive action, by nature, can be very limited in scope and progress can be difficult to assess. With this in mind, the VFW concurs with many of our veterans' service organization partners that we must establish a formal advisory committee among veterans' advocates to routinely monitor progress on implementation and hold agency officials accountable for shortcomings, similar to the Advisory Committee on Veterans' Entrepreneurship. We also encourage this Committee to host a subsequent hearing on Executive Order #13607 at the 90-day mark from implementation, at which time VA, DOD and Department of Education can provide specific details on progress.

As VA, DOD, and Department of Education now must lay the groundwork for carrying out Executive Order #13607, the VFW would like to explain the rationale behind certain provisions of the executive order and how we believe the agencies and schools should go about implementing them.

First, the VFW has heard concerns from schools over potential administrative hurdles to comply with new "Principles of Excellence" established in the executive order. Fortunately, the VFW believes that many of these principles will be explicitly codified in the DOD Memorandum of Understanding now required for schools to participate in the military's tuition assistance program. With schools already agreeing to comply with these new standards, the VFW recommends that VA adopt similar principles and establish information-sharing protocols with DOD to minimize the administrative burden for schools and ensure that quality information is available across all departments. The VFW recognizes that a failure to adhere to these new standards will not preclude schools from their eligibility to receive G.I. Bill dollars. The role of State Approving Agencies to inspect and approve academic programs must remain intact, and schools will still be listed in the WEAMS database. However, VA will now have the leverage to offer comprehensive information on schools and programs that see the value in participating, offering better information with which student-veterans can make a data-driven educational decision.

Second, the executive order calls on VA to provide data comparison tools to student-veterans prior to accessing G.I. Bill benefits through the eBenefits portal. This is the direct result of a VFW recommendation. The VFW understands that VA seeks to ensure that all beneficiaries will be enrolled in eBenefits; meaning access to VONAPP and all benefit services will be conducted through the secure server. This offers VA a unique opportunity to ensure that veterans have access to quality information before they even start to fill out their online application. However, the VFW must clarify that a simple link to the 200-plus data points on College Navigator is insufficient to satisfy this data comparison requirement. We argue that College Navigator is too difficult to understand and most of the information available is completely irrelevant for a potential student-veteran. The VFW recommends that VA identify at least five, but no more than 10, specific data points with which veterans can compare educational programs. We look forward to engaging with VA on exactly which data points would be most beneficial to a potential student-veteran, and continuing our discussions on how to best implement this provision of the executive order.

Third, the VFW has heard concerns from schools about the proposed anonymous complaint process for student-veterans, which we must address. The genesis of this concept came from a meeting last fall where VA administrators admitted that the agency lacked a formal complaint process for student-veterans who believed they were victims of fraud, waste and abuse; and that VA lacked the ability to formally track and resolve any such complaints. As a result, the VFW and our partners in the veterans' community called for a formal complaint process and responsible redress mechanisms for student-veterans administered by VA. The VFW believes this new complaint process can be easily integrated into the current 1-800-GIBILL-1 hotline and the eBenefits portal. To the VFW, the "anonymous" process only means that a student's personally-identifiable information (PII) must be protected to ensure students will not face retribution from their school. This is similar to Department of Education policies, which must, by law, similarly protect student PII. However, the VFW believes that the VA must be able to verify a complainant's G.I. Bill

status and enrollment status at an institution before taking action on behalf of a veteran. The VFW also believes that the formal complaint process must be conducted in a responsible manner, ensuring that students have properly exercised other available avenues of recourse before seeking VA intervention. The VFW suggests that VA establish a threshold question asking student-veterans who seek to file a complaint whether or not they have already sought to resolve their issue with their school administrators. The VFW does not want to see a witch hunt against schools, but we do believe that student-veterans are entitled to proper recourse through the fiduciary of their benefit – VA.

Finally, the VFW must address the issues facing State Approving Agencies (SAAs), who are responsible for ensuring that only quality programs are approved for G.I. Bill participation. This has been a sore point for the VFW since the implementation of the Post-9/11 G.I. Bill and the subsequent changes to the traditional roles of the SAAs. While the executive order calls for the role of SAAs to be codified within the complaint process, the VFW believes more must be done to ensure that the front-line troops in education accountability have the policies and resources in place to do their jobs. The VFW calls on this Committee to host a subsequent hearing on the role of the SAAs to ensure that policies are clear and relevant, to formally evaluate the SAAs' relationship with VA, and to ensure that proper resources are allocated to responsibly fulfill the mission of the SAAs.

The VFW recognizes that Executive Order #13607 is just the first step in ensuring our student-veterans have the consumer education and consumer protection resources they need to succeed in higher education. Executive orders can go away. We still need protections outlined in code to ensure that we can best serve our student-veterans. The Post-9/11 G.I. Bill stands to be a transformative benefit for this generation of war-fighters, helping to mold our nation's Next Greatest Generation of leaders. We must protect this benefit at all costs. Unfortunately, over the last few months, the VFW and our partners in veterans' advocacy have felt hamstrung by an overwhelming lack of quality information on student-veterans to either confirm reports of fraud, waste and abuse, or to demonstrate student-veteran success in G.I. Bill programs. Many of the provisions of Executive Order #13607 and the bills currently before Congress will help to gather this kind of data to help ensure future viability of the program and continued student-veteran success in higher education. We hope that the executive order will motivate Congress to quickly move legislation through both the House and Senate to protect our nation's investment and ensure success for our student-veterans.

Mr. Chairman, this concludes my statement and I am happy to answer any questions the Subcommittee may have.

Appendix:

Serving our Student Veterans

FEBRUARY 2, 2012

President Barack Obama
1600 Pennsylvania Avenue
Washington, DC 20006

Dear Mr. President:

On behalf of the undersigned advocates in veterans' education, it has come to our attention that many veterans choosing to pursue higher education are actually becoming victims of institutions that fail to fulfill their obligations to educate veterans eligible for the Post-9/11 G.I. Bill. In an effort to rein in bad actors across all sectors of higher education, we urge your Administration and Congress to develop and reform two key areas that will foster responsible decision-making and protect veterans who seek to use their G.I. Bill benefits. At a minimum, we ask you to respectfully consider these two ideas: Mandating upfront counseling and developing a formal complaint process.

First, we believe VA has an obligation to ensure veterans receive all of the educational counseling to which they are entitled under Chapter 3697A of Title 38. VA must mandate this kind of up-front counseling to student-veterans who use any chapter of the G.I. Bill; particularly the robust Chapter 33 benefit. Only with proper counseling can student-veterans make informed decisions about their benefits and how best to meet their educational goals. Mandatory counseling could be accomplished in a variety of ways, whether it is through the TAP program, VA's eBenefits portal or other available outlets; but the counseling must take place before veterans choose to enroll in an academic program. Veterans who wish to waive this counseling should still have this option through an "opt-out" system during the G.I. Bill

application process, but the current “opt-in” system, which less than one percent of G.I. Bill beneficiaries utilized in 2010, leaves many student-veterans inadequately prepared for academic life.

Second, to better understand the scope of problems facing today’s student-veterans, VA must establish a system to process and track student complaints through existing infrastructure at the VA call center, as well as an online portal, where student-veterans can formally file complaints about benefits and report fraud, waste, and abuse. Veteran complaints should be assigned a case file number and tracked as VA works with State Approving Agencies, accrediting agencies, individual schools, the Departments of Education, Justice, Defense, and other agencies to find resolutions to their problems. A clearing house for documented consumer complaints will allow VA and other stakeholders to take decisive action against fraud, waste, or abuse when necessary. Currently, student-veteran conflicts are resolved on an ad-hoc basis with little communication among stakeholders.

Our coalition thanks you for your attention to these issues, and we stand ready to assist, ensuring that our brave service members receive the educational opportunities they have earned. These two proposals are critical first steps in accomplishing this goal, while preserving student-veteran choice in the marketplace. Thank you for taking the lead on this initiative and for your continued support of our armed forces and veterans. We look forward to working with you.

Sincerely,

Signature blocks enclosed

Jerome H. Sullivan
Executive Director
American Association of Collegiate Registrars and Admissions Officers

Terry W. Hartle
Senior Vice President
American Council on Education

Tim Tetz
Legislative Director
American Legion

Brian J. Moran
Interim President & CEO
General Counsel
Association of Private Sector Colleges and Universities

Tom Tarantino
Deputy Policy Director
Iraq and Afghanistan Veterans of America

Joyce E. Smith
Chief Executive Officer
National Association for College Admission Counseling

Chad Schatz
President
National Association of State Approving Agencies

Michael Dakduk
Executive Director
Student Veterans of America

William Pepicello Ph.D.
President
University of Phoenix

Raymond C. Kelly
Legislative Director
Veterans of Foreign Wars of the U.S.

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

Pursuant to Rule XI2(g)(4) of the House of Representatives, VFW has not received any federal grants in Fiscal Year 2012, nor has it received any federal grants in the two previous Fiscal Years.

Prepared Statement of Tom Tarantino

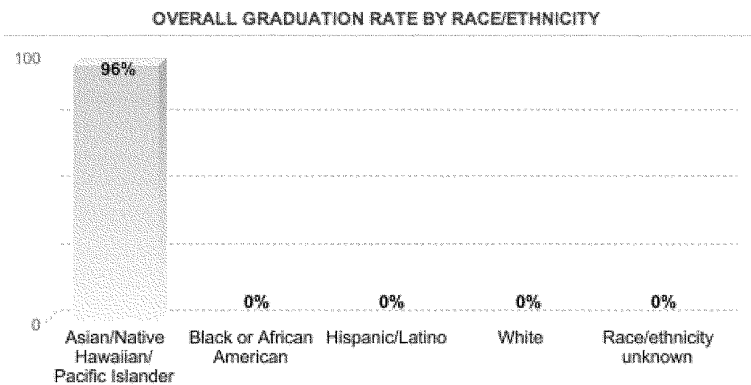
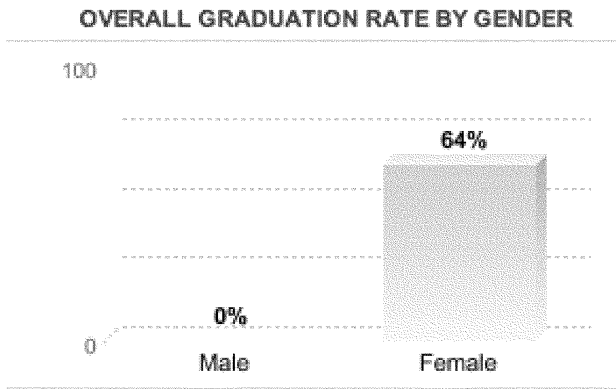
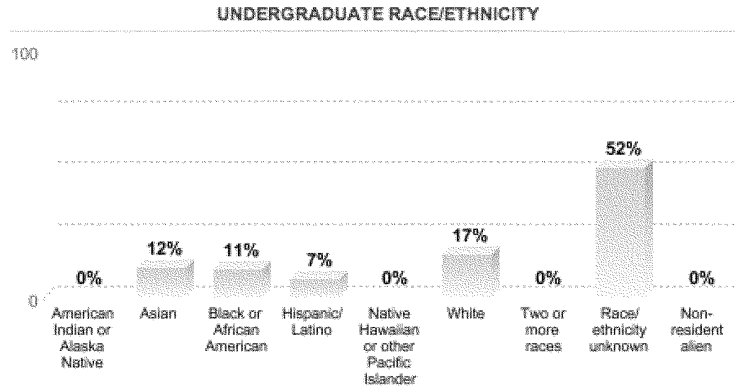
Mister Chairman, Ranking Member, and members of the committee, on behalf of Iraq and Afghanistan Veterans of America's 200,000 Member Veterans and supporters, thank you for inviting me to testify on the President's Executive Order establishing principals of excellence for education.

My name is Tom Tarantino and I am the Deputy Policy Director at IAVA. I proudly served 10 years in the Army beginning my career as an enlisted Reservist, and leaving service as an Active Duty Cavalry Officer. Throughout these 10 years, my single most important duty was to take care of other soldiers. In the military they teach us to have each other's backs and, although my uniform is now a suit and tie, I am proud to work with this Congress to continue to have the backs of America's service members and veterans.

IAVA welcomes and supports Executive Order No.13607, which will help empower student veterans to make educational choices that meet their needs. We believe that with proper implementation, this order will begin to provide veterans and their families with clarity about their educational choices. We also believe that this order complements several more robust legislative initiatives already under consideration in both the House and the Senate. By signing this executive order, the President has initiated a process that, if addressed by legislation alone, the various agencies would have to wait months to work on. We firmly believe that sound implementation of this executive order coupled with passage of bills offered by this Committee and your counterpart in the Senate will provide timely clarity for student veterans about their educational choices. In addition, it will prevent consumers from falling pray to bad information and predatory practices in higher education.

Thoughtful implementation of this executive order will be the key to its success and the potential success of any forthcoming legislative initiatives. To achieve success, we must address two questions: 1) What are the outcomes that consumers need to make sound choices? 2) How will benefits and/or federal aid pay for the education that veterans and service members need?

For most students, choosing a school is not a data-driven process. This is largely due to the lack of usable consumer information available to prospective students. While schools are required to report a wide range of information to the Department of Education, there is no clear way to synthesize that information into a usable tool to empower consumers to make choices that fit their needs. The National Center for Education Statistics' College Navigator is a tool that displays hundreds of data points. However, the information that is displayed is not clear, uniform or useful to consumers deciding where to spend their GI Bill dollars. Furthermore, an even cursory review of College Navigator exposes broad inconsistencies in the information reported to the Department of Education. For example, Patten College is a private nonprofit college in Oakland, CA. A review of their data from College Navigator shows an unremarkable demographic distribution of students (See tables below). However, when you look at graduation rates, the data indicates that of the 64% of students who graduate all are Asian females. Either there happens to be a strong cultural bias in the curriculum of Patten University, or the information on College Navigator is not displayed or reported in a usable manner. While this is an extreme example, inconsistencies like this are common when using College Navigator. It is clearly not designed to be a consumer education tool. Although I do not believe that this Executive Order will necessarily clean up bad reporting, it will expose schools that are reporting bad numbers and give consumers an indication that a school might not be entirely on the level.



IAVA is also concerned about the multiple reported abuses from the for-profit industry. Currently, there is no clear method to separate schools that provide quality programs from the ones that are only trying to profit from veterans' benefits.

Several for-profit colleges are valued participants in higher education. They provide veterans with a service that is not widely available in traditional non-profit universities, including online and vocational programs that offer highly technical degrees that are largely unavailable at traditional non-profit, public and private colleges. Essentially, they give veterans and their families the flexibility to obtain the career-ready education required to be competitive in the workforce.

Unfortunately, it's difficult to separate the good actors from the bad actors in for-profit education. Many for-profit schools are excessively expensive, plagued with

high drop out rates, and engage in very aggressive and sometimes deceptive marketing and recruiting practices targeted at veterans. By clearly displaying data on student success and engaging veterans with robust consumer education, we can separate the good schools from the bad actors and allow student veterans to make a more informed choices. While all for-profit schools are required to report gainful employment metrics, there is no uniform or usable way to synthesize that information for consumers. There are for-profit institutions like the East-West College of the Healing Arts (where my sister received an excellent education) that report student outcomes on their website in a full and useful manner (See table above). Their reporting is useful to prospective students, who want to understand how attending the school will affect their employment prospects after graduation. In contrast, finding data from the University of Phoenix is a laborious exercise in frustration. When using College Navigator to compare like programs at many of these institutions, the data often do not match up. This executive order does not solve all of the problems with the for-profit industry. However, coupled with legislation currently before Congress, it will help student veterans obtain the information they need to choose a quality degree that meets their needs.

Full-Time Programs. Students who enrolled in the full-time programs (4-term 600-hour, 4-term 801-hour and 5-term 1002-hour) from April 2008 through January 2009:

- 124 began these programs, 103 completed these programs
- The completion rate is 83%
- Of the 103 who completed these programs, 97 were eligible for employment, and we were able to verify employment for 70.
- The placement rate is 72%

Part-Time Programs. Students who enrolled in the part-time programs (6-term 600-hour, 6-term 801-hour or 7-term 1002-hour) from July 2007 through April 2008:

- 137 began these programs, 80 completed these programs
- The completion rate is 59%
- Of the 80 who completed these programs, 78 were eligible for employment, and we were able to verify employment for 57.
- The placement rate is 73%

Even if this executive order coupled with legislation fixes the errors and inconsistencies with student outcome data, we must tie that data to a tool that student veterans can use to determine what benefits or aid they are eligible for and how they may be used to help pay for their education. For our part, IAVA has developed and successfully produced and distributed a free GI Bill calculator for veterans at www.newgibill.org. This calculator remains the only comprehensive tool available for prospective student veterans to determine how to best use their Post-9/11 GI Bill. Nothing like this calculator currently exists from the VA or Department of Education. Identifying metrics students can use to choose a college is important, but these ultimately must be coupled with the ability to determine how they can use their benefits to help achieve their goals.

IAVA is also concerned with trademarking the phrase “GI Bill.” There is a clear problem with deceptive websites misusing the phrase GI Bill to mask marketing for services. Searching “GI Bill” on Google reveals pages of deceptive websites that are designed to market for-profit schools to prospective students without providing them useful information about their benefits. Veterans who submit their information to these websites are often subjected to aggressive recruiting and harassment. Trademarking a phrase like “GI Bill” will allow the government to restrict many of those deceptive practices. I am concerned, however, that there is no instruction in the executive order to protect websites like IAVA’s www.newgibill.org that provide students with critical information

and assistance with their benefits that the government is unwilling or unable to provide. When implementing this order, there must be clearly defined exceptions. Almost a million veterans have used IAVA's www.newgibill.org to calculate their benefits, gather information about changes to the GI Bill, and receive help in understanding this complex benefit. We must ensure that we are protecting veterans, not inadvertently restricting the ability for veterans to gain valuable information, especially when the DoD and VA are not yet providing it.

IAVA is also concerned about housing a consumer information tool in the eBenefits portal. eBenefits is a helpful tool for veterans to gain information about their DoD and VA services. But access to eBenefits remains a serious problem and continued improvement is necessary. Currently, access to eBenefits is tied to enrollment in the DoD's DEERS system. While efforts to enroll separating service members in eBenefits during the Transition Assistance Programs (TAP) is an excellent step, a significant number of Iraq and Afghanistan veterans are no longer serving. For these veterans, access to eBenefits is far too complicated to be useful. Even if you develop the best consumer education tool in the world, it's useless if consumers have trouble accessing it. To remedy this, IAVA recommends that, in addition to being housed at eBenefits, the consumer information tool must also be available at www.gibill.va.gov.

IAVA applauds the President's directive to establish a consumer complaint system and wants to ensure that the system is effective. One of the biggest problems with the GI Bill is that there is currently no method for student veterans to report problems with their benefits or report fraud, waste, and abuse by their school. Judging by the amount of complaints I see regularly from our members submitted to IAVA's www.newgibill.org, there is a clear need for the government to establish a basic customer service and complaint mechanism. For the program to be effective, the intake must be housed in the VA. All intakes must be integrated with 1-888-GIBILL-1 and located at www.gibill.va.gov. The VA is the face of veterans' services within the government. Housing this service anywhere else makes zero sense from a practical or business perspective.

Executive Order No.13607 will not solve all the problems faced by student veterans, however it is a good start. Congress must be vigilant in addressing many of the implementation issues that have been addressed here today. Additionally, Congress must continue its work to pass pending legislation such as H.R. 4057 (Bilirakis), H.R. 4052 (Stutzman) that will make many of the provisions of this Executive Order more robust and permanent. Congress also must address several of the regulatory loopholes that are being exploited by many schools by passing H.R. 4055 (Speier), and H.R. 4390 (Grijalva). These bills will help restore free-market control to the for-profit school industry and will prevent veterans from being harassed by marketers and aggressive recruiters.

The Post-9/11 GI Bill is the most significant veterans' benefit since World War II. With it, veterans and their families have the opportunity build a first class future and shape the destiny of the New Greatest Generation. As veterans, advocates, educators, and lawmakers we all have a shared responsibility to ensure that every

student veteran is empowered to use their benefits wisely and build a first class future. This is why IAVA supports the President's Executive Order No.13607 and looks forward to working with Congress to pass pending legislation on this issue.

Thank you for your time and attention.

Prepared Statement of Michael Dakduk

Chairman Stutzman, Ranking Member Braley and members of the Subcommittee:

Thank you for inviting Student Veterans of America to address the Subcommittee on the President's Executive Order 13607, "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members." Student Veterans of America (SVA) currently has over 450 Chapters at colleges and universities across the nation assisting veterans in their education experiences on a daily basis. This direct contact gives SVA a unique perspective on the needs and obstacles faced by our nation's veterans as they return to their communities to enroll in educational opportunities and later, reintegrate into the civilian workforce. Our goal is to provide the resources and support for student veterans to thrive in post-secondary education and contribute to civilian society in meaningful ways. As you are likely aware, we recently conducted an annual review of all of our chapters, both for-profit and non-profit, and found that 26 for-profit schools were suspected of creating fake chapters in order to recruit student veterans. We subsequently revoked their memberships per our charter. That perspective provides the framework for our testimony this morning.

The issues addressed in Executive Order 13607 carry great significance for our nation's veterans, service members, and families. It reflects highly on this Subcommittee and the Executive Branch that such attention is being paid to addressing and resolving the challenges faced by some veterans who are targeted by 'bad actors' in the education system. Without the vigilance and oversight of the Congress, and this Subcommittee in particular, we cannot hope to craft the policies that will protect those who serve, and have served, and ensure that we have an effective and functional G.I Bill. We strongly believe that the education and protection of our nation's warriors is not a partisan issue, and we are heartened to see that under both parties this Committee has always worked towards those ends.

Because SVA is so regularly and intimately involved with the obstacles and challenges of our nation's student veterans, we believe we have an effective institutional lens to measure the success of today's educational programs for veterans. Executive Order 13607 takes up a few very important unresolved issues that impact the lives and educational experiences of some veterans who enroll in programs that take may advantage of them as well as the taxpayer.

SVA is deeply invested in this matter. Educational institutions, for profit schools, private corporations, federal, and state governments must work together to protect those using the G.I Bill and tuition assistance. Without protections, fraud would run rampant and the benefit will not meet its objectives. We appreciate the initiative that President Obama has demonstrated in signing this order; it is a strong first step. However, we believe there are issues identified in the Executive Order that may require the force of law, and that can only be addressed by the Congress. Those issues are outlined below.

With respect to Section 1 of the Executive Order:

SVA agrees that there are institutions that have engaged in improper behavior with respect to their recruitment of veterans and service members. The vast majority of these are for-profit educational institutions. However, we also recognize that many of SVA's members studying at technical and vocational training programs that run on a for-profit basis have been treated well, are happy with their experience, and go on to find meaningful employment. SVA is a strong supporter of online education and vocational training. We believe that policies and the law should target bad actors, whether they are for-profit or non-profit, without unduly burdening good actors in the industry. A set of "Principles of Excellence" is an appropriate step toward addressing this issue.

With respect to Section 2 of the Executive Order:

Section a: Choosing an educational institution is an expensive and life-altering decision. Many veterans are the first people in their families to attend college. Others

have been without a high school guidance counselor for more than a decade. Complete information is essential for those using the G.I. Bill and Tuition Assistance to make sound decisions. By understanding the costs of these programs, their likely level of indebtedness, and probable outcomes, student veterans will be able to choose their educational programs more wisely. Better choices will lead to better outcomes and a more efficient use of taxpayer dollars. It serves no one to spend taxpayer dollars to produce students who are deeply in debt, have no marketable job skills, or transferable credits when they leave.

SVA also recognizes that schools may be burdened by the requirement to collect and provide this information. However, it is our position that this burden is far outweighed by the benefits of attracting those veterans who are eligible for education benefits, and remain convinced that schools would need to only provide slightly more information to the VA to paint an accurate picture. Veterans, service members, and military families not only bring large amounts of federal funding, but also bring rich diversity and spirit to any campus. Veterans bring a unique set of experiences with them that enrich the classroom and the dialogue on campus. Few college students have faced the challenges or overcome the hardships that military members and their families deal with every day.

We believe most schools want to make themselves attractive to this population for more than just financial gain. Therefore, we support the provision of information collection and believe schools have a responsibility to report required data and information on student veterans.

Taxpayer dollars must be directed to those educational institutions that can best provide for this constituency. Good schools have nothing to lose by demonstrating the merits of their programs and SVA has no concerns for either the burden to, or any loss of enrollment from, bad actors as a result of these policies.

Section b: Notification of eligibility for federal aid reduces the burden on already overburdened students. Reducing the long-term debt that a student must incur increases the likelihood of positive outcomes and makes money spent on those students more efficient. SVA supports this provision.

Section c: SVA strongly believes it is important to enact safeguards for Service members. The American public expects that the military and other federal agencies will protect our troops on the battlefield. It is only right to expect that these Service members and their families will be protected from fraud and abuse at home.

Section d: SVA also believes it is essential that federal dollars be spent on programs that are likely to lead to meaningful employment and good careers. Requiring accrediting agency approval ensures the integrity of new course offerings and protects both students and institutions. That being said, we also believe that some accrediting bodies are part of the problem, in that they do not provide strict or meaningful standards for schools to meet. We once again call on the Congress to require the Department of Education to clearly define accreditation standards on public websites, and especially to define the difference between "national" and "regional" accreditation. This is one of the greatest complaints we hear from our membership and continues to lead to great confusion. This Subcommittee would be well suited to hold a hearing on accreditation standards as they relate to student veteran enrollment, retention and the transfer credit nightmares that result from this simple yet misleading distinction.

Sections e and f: Interruptions in education due to military service obligations are not uncommon. They are necessary and reasonable given the enormous responsibilities that Service members carry. However, these interruptions can be disastrous for the student veteran. Those affected can be left with wasted benefits, education plans that are completely derailed, and lifelong goals cast into uncertainty. The immediate loss to educational institutions is far less than the overall waste of taxpayer money resulting from policies that require forfeiture of tuition and fees payments. Additionally, it is in the interest of all educational institutions to provide good outcomes for their students. A refund-reenrollment policy that allows for service related absences helps to facilitate those outcomes by reducing uncertainty and protecting the student's progress.

Therefore, SVA strongly supports this provision. We encourage Congress to consider enacting even stronger legislation, as appropriate, to protect the progress of students who are forced to curtail their education due to military Service obligations. In this regard, SVA stands ready to assist the Subcommittee in drafting such a Bill and monitoring its implementation.

Sections g and h: Student veterans and Service members are highly skilled and highly trained. However, they are not generally trained in the development of education plans. As a consequence, they require assistance to develop realistic goals. Having a good academic plan and regular academic advising and other counseling improves their chances of completing their programs and graduating with market-

able credentials. We believe it is reasonable to require that schools take every measure to establish policies that facilitate the success of students receiving the G.I. Bill and tuition assistance. These simple measures will do a great deal to facilitate that success.

Most schools already provide some form of assistance and advising to all students. Those that do not ought to. If schools without these programs in place expect the extraordinary amounts of G.I. Bill funding to continue, they should do as their peers do and take steps to ensure the success of their students. The burdens of such provisions are unlikely to fall heavily on schools already invested in their students because they already have such policies in place.

With respect to section 3 of the Executive Order:

Sections a, b, and c: SVA believes the agencies that are listed in this section of the Executive Order are appropriate to execute it. We remain available to assist both the Congress and the Executive Branch with the development and implementation of these Principles of Excellence. Of all of the Veterans' Service Organizations, SVA is most deeply affected by these principles and we are eager to ensure that they are crafted and implemented to the greatest advantage for student veterans, Service members, and military families.

We strongly believe that subsection c, which requires outcome measures, is essential for the long-term viability of the Post 9/11 GI Bill and other such benefits. The 1944 GI Bill is repeatedly cited for its economic impact and creating the middle class. This is only possible because we know how many returning Service members completed degrees when they returned home. How is it that we have this information about the 1940s and 50s, and not since 2001? SVA has been calling for uniform standards to track graduation and outcome rates since the Post 9/11 GI Bill was written, and we call on the Congress to join us. This is not only important for data on which schools are performing better than others, but also for the essential Congressional oversight that this Subcommittee is charged with conducting.

Though the Executive Order establishes protections for students using educational benefits, SVA recognizes that it is not possible for the Executive Branch to enact policies to the extent they are needed. Specifically, provisions requiring a refund-readmit policy are based on participation in the Yellow Ribbon Program. This gives schools the option to simply opt out of provisions they find burdensome. However, were such protections given the force of law, schools would have to openly decline all federal funding in order to opt out of these provisions.

For example, because existing law does not extend to protecting Service members whose education is interrupted, Congress should consider strengthening certain provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA). By amending USERRA to include a requirement for schools receiving federal funding to have a refund-readmit policy for the protection of students whose educations are interrupted, Congress will safeguard both taxpayer dollars and student success.

Section d: SVA supports the improvement of the eBenefits portal operated by the Department of Veterans Affairs. We know from experience that the easier it is to compare opportunities, the more likely it is that students will make good decisions. All institutions should be transparent, and they should include tools for comparison and evaluation that help student veterans make better decisions. Successful programs will win out over unsuccessful programs, as they should in a free market.

With respect to Section 4 of the Executive Order:

Sections a, b, c, and d: SVA strongly supports the establishment of a unified system for accepting complaints by those using educational benefits. While State Approving Agencies (SAA) already have provisions in place for complaints, these systems are often difficult to access and they lack uniform standards for conduct. We also know from experience that SAAs will refer most complaints back to the VA anyway. By establishing a more formal complaint process, VA can clarify roles and responsibilities for each Federal agency involved. It is only logical that a Federal agency be involved in the enforcement and protection of a Federal benefit like the GI Bill or Tuition Assistance.

Such a system should be developed in cooperation with SAAs and include clear mechanisms for enforcement and resolution of complaints. SVA does not believe it is proper for the VA to dictate to SAAs how to operate their complaint systems, but rather feels that it is in everyone's best interests to create uniformity and clarity in the system that already exists.

SVA believes that Congress can strengthen this system by mandating a cooperative process between the VA and SAAs to establish a national system for the acceptance and resolution of complaints by students receiving educational benefits. It is

essential that there be a workable, reliable and credible mechanism by which students can seek resolution to complaints regarding their institution or benefits. Lacking such a resource, many veterans and Service members simply choose to curtail their education. This wastes not only the valuable potential of those students, but also the taxpayer monies spent prior to curtailment. It is far better to provide an outlet for complaints, and a mechanism for their resolution, than to accept the loss to the nation, both tangible and intangible, that results from students dropping out.

Section e: SVA knows it is entirely reasonable and necessary for the Department of Defense to restrict access to military bases. In this regard, SVA can be an important resource because our Chapters and members are available to assist the Department, the military services, or individual base commanders with institutions requesting access to military bases. SVA does not support a blanket prohibition of educational institutions from visiting military bases. On the contrary, we support strengthening and unifying a vetting and compliance process for any institution requesting access to military facilities.

Section f: SVA strongly supports the trademarking of the term, "GI Bill" and any other related terms to prevent deceptive marketing practices. We believe it is important for Congress to support a trademark process because these terms need to be protected to ensure their integrity regardless of who is responsible for their protection.

While it is not specifically addressed in this Executive Order or in today's Subcommittee Hearing, SVA would like to take this opportunity to call for an amendment to the so called, "90/10 rule." SVA supports the various bi-partisan and bicameral Bills pending that would effect such a change. Common sense dictates that schools that are required to receive no more than 90% of their income from the federal government should not be able to skirt this rule by accepting the overage in veterans' benefits. Requiring competition for 10% of revenue is a reasonable mechanism for ensuring this and strengthens the free-market in education.

Quite frankly, any business that complains about having to compete for 10% of their customers should not be in business. We strongly challenge the sentiment that a change to 90/10 or the requirements contained in this Executive Order somehow inhibits a school's ability to compete. Any school that claims they would have to raise prices on student veterans in order to accommodate the change is free to do so. SVA is confident that student veterans will vote with their feet, especially considering the astronomical profits that these schools return to their shareholders on Wall Street while still charging the taxpayer full price. A mere fraction of what most for-profits spend on marketing and recruiting should more than cover any imposed cost with being honest brokers of this money.

In conclusion, SVA believes the provisions of the Executive Order requiring transparency, accountability, and preventing fraud, waste, and abuse are reasonable to ensure better educational opportunities for veterans and fair competition for educational institutions. It is all together proper for the federal government to mandate that educational institutions provide information to veterans about their programs regardless of where they attend classes. The Executive Order, strengthened by legislation SVA has recommended, will make it more likely that institutions providing good value and service will win out, just as they should in a free market.

Student Veterans of America is grateful for the opportunity to provide this testimony. We thank the Chairman and the Subcommittee members for their time, attention, and devotion to the cause of higher education. We look forward to continuing to work with this Subcommittee and the Congress in the future to ensure the success of all generations of veterans through education.

Thank you for allowing Student Veterans of America to participate in this important Hearing.

Executive Summary

Student Veterans of America (SVA) strongly supports any action that protects student veterans, their families, and their benefits. Our efforts will always be dedicated to ensuring that those who have served our country can use the benefits they earned to advance their lives and careers. Any school that attempts to gain from the generous Post 9/11 GI Bill, and other military and veteran federal benefits, without providing outstanding education and outcomes to the student veterans who place their trust in their hands should be vigorously prosecuted. Despite numerous bi-partisan efforts by the Congress to address this growing issue, taxpayer dollars continue to be wasted on highly-marketed, but poorly-performing schools with high loan-default rates and low graduation-rates. SVA Executive Order #13607 in order to curb these trends and calls on Congress to continue on the momentum to make long-lasting protections a reality.

SVA supports full disclosure of debt loads and institutional performance before enrollment. We know from our extensive experience with this population that there is simply too much bad or misleading information out there about schools claiming to be “veteran-friendly” and their supposedly strong academic records. Requiring schools to disclose accurate information before a student veteran enrolls levels the playing field and enables student veterans to make well-informed decisions. This action will ultimately allow the market economy to choose which schools provide the best outcomes and thus deserve to be stewards of GI Bill dollars.

SVA supports the requirement of every student veteran to have an academic advisor and academic plan. This is commonplace in most reputable schools, and those institutions that do not currently offer this must implement this immediately to ensure our veterans are working towards a realistic academic or career goal.

SVA strongly supports publishing outcome measures and graduation rates. Without data and statistics, it will be impossible to know the true impact of benefits as generous as the Post 9/11 GI Bill. This information is also critical to effective Congressional oversight, and we remain concerned that the program’s impact up to now will be lost without retroactive efforts.

SVA supports a unified system to report complaints at schools. We have consistently asked for a formal, well-publicized process for student veterans to raise issues with their educational institutions to the appropriate federal authorities. Given the amount of federal dollars being made available, it is essential to create a centralized complaint center that allows student veterans to raise legitimate concerns about bad actors in the post-secondary education space.

SVA supports uniform policies for access to military bases by educational institutions. We constantly hear about some schools being allowed on base in some places, and others not, and this makes it challenging for Service members to start their academic pursuits while in uniform. Having consistency across all bases will help ensure that good schools have access and predatory ones are kept out.

Prepared Statement of Judith Flink

Mr. Chairman and Members of the Committee: My name is Judith Flink. I serve as Executive Director of University Student Financial Services for the three campuses of the University of Illinois. I have worked in the University’s business office and been actively involved in higher education for over 30 years. I am testifying today on behalf of the National Association of College and University Business Officers (NACUBO), which represents chief financial officers and their staff at more than 2,100 public and nonprofit colleges and universities. NACUBO’s mission is to promote sound administrative and financial management of institutions of higher education. On behalf of the University of Illinois, NACUBO, and my colleagues at institutions across the country who strive to encourage and support our nation’s veterans, service members, and their families seeking higher education, I thank you for this opportunity to testify. In particular, I would like to thank Rep. Stutzman and his staff for this invitation – it is an honor for me to be here today.

NACUBO shares the President’s goals as outlined in his April 27th Executive Order establishing principles of excellence for educational institutions serving veterans, service members and their families. We affirm that these students—indeed all students—deserve high quality academic and support services that enable them to make informed decisions about their education. We strongly support safeguards against abusive and deceptive recruiting practices.

Most, but not all, of the President’s principles align with existing U.S. Department of Education (ED) requirements for institutions that participate in Title IV federal student aid programs. Those principles will not inflict additional cost or burden on our member institutions. But we do have serious concerns about some of the provisions and potential implications of the Executive Order. Our concerns are as follows:

1. Section 2(a) requires institutions “prior to enrollment, [to] provide prospective students who are eligible to receive Federal military and veterans’ educational benefits with a personalized and standardized form . . . to help those prospective students understand the total cost of the educational program; the type and amount of financial aid they may qualify for; their estimated student loan debt; information about student outcomes; and other information to facilitate comparison of aid packages offered by different educational institutions.” The intended outcome of this requirement may sound beneficial but in reality it makes assumptions about what institutions know about prospective students

and when they know it. Prospective students seldom identify themselves by which federal aid benefits they are eligible to receive. Often, particularly at open access community colleges, students don't file their Free Application for Federal Student Aid (FAFSA) or identify themselves as eligible for veterans' benefits until after they have enrolled. They routinely wait until after classes start to apply for aid and veterans' educational benefits rendering this requirement impossible for schools to administer and enforce.

The requirement also fails to understand that institutions do not have access to the information that would enable them to accurately estimate a student's eligibility for veterans' educational benefits. ED relies on the privacy strictures of the Family Educational Rights and Privacy Act (FERPA) to trust institutions with detailed information about students concerning the amount of their federal financial aid package. The Department of Veterans Affairs (VA), on the other hand, historically had little or no direct communication with schools until the advent of Chapter 33. So the VA has not developed procedures to communicate that information to schools and holds tightly to information about veterans and their eligibility for education benefits.

Furthermore, the requirement under Section 2(a) assumes that institutions will use a prototype of the standardized financial aid award letter being drafted by ED and the Consumer Financial Protection Bureau. However, consensus on this issue has not been reached in the higher education community. While there is broad support for the use of standardized terms and definitions, we are concerned that imposition of specific formats will not serve the needs of students and their families given the enormous variation in educational programs. The National Association of Student Financial Aid Administrators has convened a task force to make recommendations in this area. We strongly encourage the President, VA, and Department of Defense (DoD) to await and consider the task force's final report which is expected to be released soon.

2. Section 2(e), to allow service members and reservists to be readmitted to a program if they are temporarily unable to attend class, needs further clarification. It fails to stipulate how long an absence might be termed temporary or what an institution is required to do when service members return to a program that has been eliminated during their absence.

3. Section 2(f) is even more ambiguous. It requires institutions to agree to an institutional refund policy aligned with the rules for unearned student aid developed by the Department of Education. While it references ED's statutorily mandated return of Title IV funds policy, it appears to go further and could create significant enrollment planning and budgeting challenges for institutions of higher education.

The Department of Education's refund policy applies only to federal aid and permits colleges and universities to set their own institutional refund policies. Some institutions have aligned their refund policies with the ED policy but the vast majority has not. This is because when a student enrolls in a class and takes that seat, the institution has committed its resources to provide the promised instruction. If the student drops out, the institution cannot go out and find another student to fill that slot, so the committed resources are lost.

If the intent of this provision is to dictate an institution's refund policy for Veterans' educational benefits, that policy will be costly for schools to administer. The cost will vary depending on the institution and the number of veterans served. But all institutions, especially those that enroll significant numbers of veterans and service members, already struggle to keep up with the manual effort required to certify veterans. In many instances, institutions must certify a service member twice, once for their housing allowance and once for tuition and fees. Schools must also comply with DoD billing and payment processes that are not standardized across the various branches, as well as untangle the inevitable knots of confusion that arise in both programs. Creating a separate refund policy for this population of students would add yet another layer of disruptive, if not prohibitive, administrative burden associated with educating these students.

4. Section 2(g) also needs clarification. Its requirement to "provide educational plans for all individuals using Federal military and veterans' educational benefits" is similar to the confusing provision that appeared in the DoD Memorandum of Understanding for the Tuition Assistance program last year. The confusion caused by that requirement took months to clarify and turned out to mean something very different to institutions than it did to DoD. In order to forestall needless confusion and misunderstanding, it is important that institutions have the opportunity to discuss the intent of the underlying policy before it is implemented.

5. We support the requirement in section 2(h) that institutions “designate a point of contact for academic and financial advising . . . to assist service member and veteran students and their families...” Those of us at the University of Illinois, and my colleagues at other colleges and universities who assist service members and veterans, are passionate about providing the best possible advice and support to these students. Many schools have instituted special programs designed to help ensure their success. Much as we support this requirement, however, our ability to provide adequate financial counseling to veterans is severely impeded by the VA’s tightly held control over most veteran information including their eligibility for VA education benefits and their indebtedness to the agency. College and university advisors cannot assist veterans who have debts to settle with the VA, or inform them about the consequences of failing to make payment arrangements, if we do not know the debt exists. Nor can we help veterans resolve payment discrepancies when VA staff members refuse to speak with us. So we ask Congress to consider revising applicable privacy statutes to allow the VA to share pertinent debt and benefit eligibility with the veteran’s educational institution. Without that, it will be challenging for institutions to comply with this provision.

6. Section 3 which addresses student outcomes is not directed at institutions, but we are concerned because it will have an impact on us. Student outcomes may be difficult to measure and may prove misleading to the public. Many veterans and service members are nontraditional students; many attend multiple institutions during their educational career and each of the institutions contributes to the student’s success. Some veterans and service members achieve their educational goals by completing a small number of classes that provide specific knowledge or skills required for their service or employment. These students would regard their completion of these courses as a successful outcome, whereas the measurements included in the Executive Order which are based solely on graduation rates would not.

Mr. Chairman, I have outlined problems that NACUBO and its members have with Executive Order 13607. In light of these significant concerns, we ask that the agencies tasked with implementing this Executive Order actively consult with institutions and the organizations that represent them (like NACUBO, ACE, AASCU, and AACRAO) as they develop the necessary rules. ED is required by law to utilize a negotiated rulemaking process when drafting Title IV rules. This process solicits input from stakeholders thereby giving ED a clearer understanding of the impact, obstacles, and potential consequences of its actions enabling it to write better rules. The lack of similar negotiated rulemaking processes or consultation between the DoD, VA, and educational institutions has created mountainous obstacles due to a simple lack of understanding of each party’s policies, procedures, and language. Greater collaboration in the development of rules and sub-regulatory guidance would much better serve not just the DoD, VA, and institutions, but most importantly, the veterans, service members, and their families we all strive to serve. Indeed when discussions between the VA, DOD, and institutions have occurred, consensus, clarity, and workable policy have been achieved.

I can personally attest to the success of such dialogue. Since implementation of the Post-9/11 GI Bill, I have had the pleasure of participating in a NACUBO work group that has met quarterly with VA representatives to address issues involved in processing Chapter 33 tuition benefits. These meetings always end with both sides walking away better informed about how the other party operates. VA participants gain a better understanding of institutional processes; institutional participants gain a better understanding of VA policies, procedures, and challenges. These meetings have established a productive relationship that we hope will continue. We sincerely appreciate the dedication of our VA participants and the difficult challenges they face as they implement a large scale educational benefits program.

And while these dialogues have been helpful, there is no established or formal structure to them. They have occurred only because of the willingness and commitment of the parties involved in the process. I would therefore like to propose the creation of an official Advisory Group with a defined membership and structure to work in partnership and develop workable solutions as we implement new VA and DoD policy and procedures. I believe this will go a long way to bring consensus and efficiency to the schools, our partner agencies in the Federal government and service members alike.

In conclusion, let me reiterate the commitment of NACUBO’s membership to ensuring that our service members receive the education they deserve in a streamlined and efficient process. We understand the need to protect our returning soldiers from unscrupulous practices but we have significant concerns with the implementation of

the requirements in the President's recent Executive Order. We believe that further clarification and discussions are necessary so that all parties can gain understanding and move toward consensus on developing an efficient, sensible policy.

Thank you again for the opportunity to present NACUBO's position on Executive Order 13607. I'd be happy to answer any questions that you might have.

Executive Summary

The National Association of College and University Business Officers, representing over 2,100 public and nonprofit colleges and universities, shares the President's goals as outlined in his April 27th Executive Order (EO) establishing principles of excellence for educational institutions serving veterans, members of the armed services, and their families. These students deserve high quality academic and support services to enable them to make informed decisions. We strongly support safeguards against abusive or deceptive recruiting practices.

Most, but not all, of the President's principles align with existing U.S. Department of Education (ED) requirements for institutions that participate in Title IV federal student aid programs. Those principles will not inflict additional cost or burden on our member institutions. But we do have serious concerns about some of the provisions and potential implications of the EO, including the following:

1. Section 2(a) requires institutions to provide prospective students with a broad range of information on an individualized standard form. Prospective students do not routinely identify themselves by federal aid eligibility, making it difficult for institutions to know who should receive the form, nor are institutions able to accurately estimate veterans' benefits. While there is broad support for the use of standard terms and definitions and the development of model formats, the imposition of specific formats will not serve the needs of students given the enormous variation in educational programs.
2. Section 2(f) would mandate institutional refund policies in a manner similar to the ED's policy used for returning unearned Title IV funds. The ED policy permits colleges and universities to set their own refund policies. If a student drops out, the institution cannot go out and find another student to fill that slot, so the committed resources are lost.
3. We support the requirement in section 2(h) for a designated point of contact for academic and financial advising, but our ability to provide adequate financial counseling is severely impeded by the VA's tightly held control over most veteran information, including their eligibility for VA education benefits and indebtedness to the agency.
4. In section 3, we are concerned that student outcomes may be difficult to measure and may be misleading to the public. Veterans and service members are often nontraditional students with educational goals that may differ from traditional students. They often attend multiple institutions and each contributes to their success. Progress should not be measured solely on graduation rates.

We hope that the agencies tasked with carrying out the EO will actively consult with key constituencies as they develop the necessary rules. Lack of consultation between DoD, VA, and educational institutions has created obstacles due to a simple lack of understanding of each party's policies, procedures, and language.

In conclusion, I reiterate the commitment of NACUBO's membership to ensuring that our service members receive the education they deserve in a streamlined and efficient process. We understand the need to protect our returning soldiers from unscrupulous practices but we have significant concerns with the implementation of the requirements in the President's recent Executive Order. We believe that further clarification and discussions are necessary so that all parties can gain understanding and move toward consensus on developing an efficient, sensible policy.

Prepared Statement of Hon, Steve Gunderson

Mr. Chairman, Ranking Member Braley:

Thank you very much for this invitation to testify before you today. It is great to be back again before this distinguished Subcommittee. APSCU shares your commitment to ensuring that every postsecondary institution provides the highest level of service to each and every veteran. We take great pride that our schools – with the support services, flexible schedules, and focused delivery of academics – are designing and delivering education in ways that meet the needs of today's veteran-

students. As one representative of our Nation's postsecondary education system, I believe it is our moral imperative to ensure that our servicemembers and veterans receive the education they deserve with the benefits they earned at every institution of higher education.

As a sector, we have been engaged in working with the Subcommittee, and others, to identify and develop protocols that best meet the academic needs of our veterans. On January 31st, APSCU made what some might call a surprising step by joining some of our harshest critics on letters to the House and Senate Veterans Affairs Committees, and the President supporting two very basic, but critical, ideas for veterans: increased educational counseling and a way to have their complaints heard and resolved fairly. It was in the spirit of these tenets that Rep. Bilirakis (R-FL) first introduced legislation, H.R. 4057, directing the Secretary of the Department of Veterans Affairs (VA) to develop a comprehensive policy to improve outreach and transparency to veterans and members of the Armed Forces through the provision of information on institutions of higher learning. I was honored to represent private sector colleges and universities at a hearing on March 8th in support H.R. 4057. On the other side of the Capitol, other Members of Congress, also driven by their deep conviction to protect our veteran-students as they enter postsecondary education, introduced legislation modeled very much on the principles included in our letter. APSCU is committed to continuing our good faith discussions to ensure that the bill that best represents the needs expressed by veterans emerges from the House and Senate.

Mr. Chairman, you can imagine our surprise and disappointment, after sending the letter to the White House and meeting with senior White House officials, that news of an impending Executive Order reached APSCU without any advance notice from the White House, circumventing ongoing, bipartisan, bicameral legislative discussions. Our Nation's veterans deserve the best effort put forth by the Administration, Congress, veteran service organizations, and all sectors of higher education to achieve consensus on the best ways to meet the educational needs of our veterans through a constructive, collaborative process.

Quite obviously, Executive Orders have been a widely-used and accepted privilege afforded to our Presidents, starting with George Washington and currently with President Obama. However, we have some concerns regarding the anticipated implementation and potential negative impact on institutions resulting from Executive Order #13607. As I earlier stated, APSCU supports the creation of a centralized complaint system. But, the Executive Order language provides little guidance on the framework of the system, leaving much open to interpretation. Ultimately, we want a system that is fair to both veterans and institutions. But, most importantly we want a complaint system that leads to a resolution of any problem or misunderstanding. What we do not want to happen is for the complaint system to become a conduit for politically-motivated attacks, submitted anonymously, by those whom are intent to destroy the reputation of any institution. In order for the process to operate seamlessly, fairly, and ensuring a resolution, there must be clear accountability and transparency for all parties involved – the veteran submitting the complaint, the VA, and the school. When the White House briefed the higher education sector on the impending Executive Order the night before it was issued, I requested that all sectors of higher education be at the table to openly participate in the development of a fair, transparent system. We continue to hope this will occur. But, we are somewhat concerned by the very short timetable the Administration has established for completing this work, and no such conversation has yet to occur.

You may recall that during my testimony earlier this spring we and others at the table, engaged in an extended dialog about the need to change the way academic progress and/or graduation rates are calculated for those whom comprise the new, "normal" college student – adult-learners, including veterans. We are encouraged that the Executive Order calls for developing new, appropriate metrics to measure a veteran's academic progress – individually and collectively – and stand ready to work with the Administration, Congress, and all interested parties to develop a fair, appropriate measurement. Until that process is completed, no set of data will be relevant for or related to the realities of either a servicemember or veteran's educational experience. Therefore, we have concerns with the use of the, "Know Before You Owe" form, as availability of military and veteran population and outcomes from IPEDS is nascent or does not adequately reflect the nontraditional student. Additionally, the "Know Before You Owe" form is not sufficiently nuanced to reflect the complexity of military and veteran educational assistance, nor does it reflect crucial student demographics, such as Pell-eligibility. Institutions are also unable to identify on the form if tuition discounts are offered to military or veteran students. The Consumer Financial Protection Bureau's (CFPB), "Know Before You Owe" financial aid shopping sheet prototype does not reference military or veteran benefits

at all, and while the CFPB's college cost comparison tool does include a military aid calculator, it does not appear that this particular tool is what the Executive Order is recommending. These tools, as identified in the Executive Order, cannot adequately, or even accurately, reflect the unique situations and characteristics of the military- and veteran-student population. Rather than providing the resources and information prospective-students would need to make sound educational decisions, they will instead receive incomplete, misrepresentative data that will likely cause more confusion than assistance. We extend an invitation to the Administration to work collaboratively to create a form that is representative, accurate, and serves as a true resource for prospective-students. However, before a form can be created, it is imperative that the current data-collection system is fixed.

Regarding the new enforcement and compliance provision concerning institutional access to military installations, we understand that some institutions with existing Department of Defense (DoD) Memorandums of Understanding (MOUs) have been warned by installations that they will be banned from the base, as a consequence of the Executive Order. There needs to be additional clarification, as to whether or not the Executive Order has had the effect of invalidating all existing DoD MOUs. Additionally, as outlined in the Executive Order, the new refund policy will cause an increased cost and administrative burden on institutions, as it is inconsistent with our existing refund procedures. We would also like to work with the Administration on identifying a suitable refund policy compromise.

Solutions to many of the other areas of concern raised by the President, and even by Capitol Hill, can be addressed through the existing oversight framework already in place. In fact, private sector colleges and universities are one of the most highly-regulated groups in the country, and the so-called "triad" – a reinforcing network of federal, state and non-governmental accrediting bodies – provides an enhanced level of oversight to ensure minimum levels of program and institutional quality are achieved. More specifically: the Department of Education (ED); state licensing entities; and national, regional, and programmatic accrediting bodies comprise the "triad" of oversight, which private sector colleges and universities and their programs are subject to for the purposes of eligibility to participate in Title IV federal student aid programs. Additionally, publicly-traded private sector colleges and universities are also subject to Securities and Exchange Commission (SEC) oversight. Virtually all institutions are subject to state and federal consumer protection laws, Federal Trade Commission (FTC) rules against unfair and deceptive statements through advertising, promotion, and marketing, and finance disclosure laws if they make loans to students, and state corporation laws. Institutions serving military- or veteran-students are also held accountable through the DoD MOU process, and oversight by the VA and the State Approving Agencies (SAAs).

All institutions of higher education, not just private sector colleges and universities, are required under federal and state law to provide truthful and unambiguous communications with the student consumer about the educational services being offered. However, the recently-implemented changes to the ED's Misrepresentation Rule provides yet another layer of consumer protections, which private sector colleges and universities must adhere to in order to remain eligible to receive Title IV federal student aid. If an institution has engaged in "substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates," made any false, erroneous, or misleading statement that has the likelihood or tendency to deceive or confuse without regard to materiality or intent, or "substantial misrepresentations" are made by a third-party vendor hired to "provide educational programs, marketing, advertising, recruiting or admissions services," the repercussions for the institution are severe, including, suspension or termination an institution's Title IV eligibility. Consequently, institutions must exercise tremendous caution in how they, and their third-party vendors, state information concerning their educational programs, the employability of their graduates, financial aid availability, costs to students, accreditation, and transfer of credit. Following the release of the final rule last year, APSCU's Board of Directors requested that our Student Recruitment Task Force develop guidance for our membership outlining the potential risks posed by the conduct and practices of third-party vendors retained by institutions for student recruitment services. On October 11, 2011, APSCU released *Guidance for APSCU Members—The Misrepresentation Rule and Third-Party Vendors*, which additionally urges institutions to conduct a careful review of all of their printed and electronic marketing and advertising materials. The guidance is included as an attachment to my submitted statement. Issuing this guidance document, online training seminars identifying best practices on ethical enrollment processes, and hosting multiple webinars addressing marketing, advertising, and recruiting in the new Program Integrity Rules environment are just a handful of concrete examples of how APSCU has tried to provide our

members with the resources and tools to ensure they are compliant with the law. APSCU also continues to work with our members and other stakeholders on initiatives designed to promote clear and unambiguous communications with students and prospective students. For example, industry stakeholders are engaging in preliminary negotiations towards the creation of a credible, self-regulatory mechanism to monitor the marketplace and distinguish the good actions from the bad. While only in its infancy stage, it is an opportunity for APSCU, our member institutions, and representatives from the lead-generation industry to engage in critical conversations about the best practices for the sector in approaching marketing, recruiting, and advertising, today and tomorrow.

There are many other existing avenues to enforce misconduct by an individual school. One such example is our accrediting agencies. Founded in 1912, the Accrediting Council for Independent Colleges and Schools (ACICS) is the largest national accrediting organization of degree-granting institutions, including professional, technical, and occupational programs. The organization is recognized by both ED and the Council for Higher Education Accreditation (CHEA). Institutions accredited by ACICS, admissions and recruitment standards are clearly outlined in the document, *“Accreditation Criteria Policies, Procedures, and Standards.”* The policy places the ultimate burden on the institution to oversee the activities of an institution’s employees and non-employees (third-party vendors or contractors) with respect to admissions and recruiting referral, recruiting, evaluation, and admissions and ensure that any information used as part of recruiting and enrollment activities are clear and accurate. Institutions are also provided strict guidance concerning employment on third-party vendors or contractors. Recruiting requirements demand ethical conduct that is compatible with the educational objectives of the institution, and that the financial resources expended to engage in recruiting activities is consistent with the stated mission of the institution. Also outlined are a list of the minimum standards accredited institutions are expected to follow concerning recruitment and enrollment, with a notable inclusion of language directing institutions participating in Title IV programs to understand regulations imposed by the ED as they apply to recruiting practices.

The Accrediting Commission of Career Schools and Colleges (ACCSC), founded in 1967, is a private, non-profit, independent accrediting agency also recognized by ED. Institutions accredited by ACCSC include private, postsecondary, non-degree-granting institutions and degree-granting institutions in the United States, as well as those granting associate, baccalaureate and master’s degrees, which are predominantly organized to educate students for occupational, trade and technical careers, and institutions that offer programs online. Similar to ACICS, ACCSC also requires accredited institutions to exercise ethical conduct and procedures in the recruitment of students and also sets minimum standards for their institutions to follow. Included in ACCSC’s, *“Standards of Accreditation”*, the section devoted to “Student Recruitment, Advertising, and Disclosures” sets clear parameters for recruitment, enrollment, advertising, and misrepresentation, and also outlines that a school will be held accountable for the actions and representations of its recruiters and representatives. For example, the Standards clearly state that ACCSC-accredited institutions must prohibit school personnel from recruiting prospective students in settings where they cannot reasonably be expected to make sound, informed choices about enrollment. ACCSC-accredited institutions are required to maintain and enforce a code of conduct for all personnel primarily responsible for recruiting and admissions activities, which must also meet a minimum set of criteria. The “Standards of Accreditation” also require institutions to comply with all applicable federal and state laws and regulations pertaining to student recruitment.

It might come a surprise to some, but the VA currently has the authority to prohibit the enrollment of an eligible veteran or eligible person using any VA educational benefits in any course offered by any institution of higher education, which utilizes advertising, sales, or enrollment practices considered to be erroneous, deceptive, or misleading either by actual statement, omission, or intimation. In addition, institutions which offer courses approved for the enrollment of eligible individuals or veterans are required to maintain a complete record of all advertising, sales, or enrollment materials used by, or on behalf of, the institution during the preceding 12-month period. The institutional record, as well as any materials, including direct mail pieces, brochures, printed literature used by sales persons, media, and any sales or recruitment manuals, are subject to review and inspection by the SAA or the Secretary of the VA. The Secretary of the VA is also authorized to enter into an agreement with the Federal Trade Commission (FTC), where appropriate, to assist in carrying out investigations and reviews.

“Private vocational or distance education schools,” or private sector colleges and universities, are specifically subject to the FTCs longstanding rules against unfair

and deceptive statements through advertising, promotion, and marketing, as well as state laws prohibiting unfair or deceptive trade practices. The FTC is empowered to take corrective action if, after the conclusion of an investigation, the Commission has reason to believe that the practices fall within the scope of conduct declared unlawful by the statute. For example, it is deceptive for an institution to misrepresent, directly or indirectly, in advertising, promotional materials, or in any other manner, the size, location, services, facilities, or equipment of its school or the number or educational qualifications of its faculty and other personnel.

The Servicemembers Opportunity Colleges (SOC) has established “Standards and Guidelines” for all SOC Consortium members about recruiting, marketing, and program information. For an institution to be eligible to receive DoD Tuition Assistance (TA) benefits, the institution must first enter into a MOU with the DoD. A requirement of the MOU is for all institutions to adhere to the SOC Principles and Criteria, which outlines specific parameters for SOC Consortium members in their advertising, recruiting, and admissions practices for servicemembers. The Principles and Criteria each include information requiring that institutions adequately and accurately represent their education programs, requirements, and services available, communicate with servicemembers in a clear, comprehensive, and completely truthful manner; take responsibility for admissions and recruitment policies, including being accountable for all recruitment and enrollment actions whether conducted by staff, faculty, partners, or other third party agents acting on the institution’s behalf; are transparent and truthful about the cost of attendance or any other costs associated with attendance.

This extensive list outlining, which authorities currently exist to address misconduct by any institutions of higher education emphasizes two key points: first, misconduct by any institution should not be tolerated by the authorities empowered to enforce their rules and procedures. The current rules and regulations exist to provide the appropriate authorities with the power to take the steps and actions necessary to ensure that any school engaging in illegal or improper practices is held responsible; and second, we need to stop indicting an entire sector of higher education for political reasons using anecdote and rhetoric instead of facts. It would seem to me that if problems or concerns had been addressed through the existing processes, and engaging institutions to be a part of the solution, our conversation today could have focused on how all sectors of higher education can enhance the academic experience for our veterans rather than implicating an entire sector that greatly values its service to veterans.

The Post-9/11 GI Bill was a “game-changer” on postsecondary marketing and recruiting across all sectors of higher education. According to a 2009 Lumina Foundation/ACE report examining the state of programs and services for veterans on campuses across all sectors of higher education—*“From Soldier to Student: Easing the Transition of Service Members on Campus”*—more than half of the participating institutions reported engaging in recruiting efforts specifically designed to attract military and veterans. In fact, since September 11, 2001, 65 percent of colleges and universities that offer services to veterans and servicemembers enhanced their services and programs geared towards military and veteran students with the establishment of marketing and outreach strategies to attract veterans and military as one of the top areas of emphasis, regardless of sector. For example, 58 percent of four-year, public and private non-profit and two-year, public institutions reported an increase in their marketing and recruitment efforts, with 69 percent of private, four-year, non-profit institutions reported increases in this area. The principle of Occam’s razor states that “the simplest explanation is most likely the correct one.” The Post-9/11 GI Bill has changed the entire postsecondary landscape regarding the education and recruitment of veterans. However, since the benefits began in 2009, time-and-time again veteran students have cited the reason for their decision to attend public two-year institutions and private sector colleges and universities is the simple fact that these schools have the greatest capacity to meet their educational needs—not because of widespread, “predatory” practices. I could even use this opportunity to thank those here today for spearheading, “The Military Coalition” efforts to first get the Post-9/11 GI Bill enacted, but then pressuring Congress to subsequently include non-degree granting institutions as eligible institutions under the law. The Coalition recognized that veterans, as non-traditional students, value the qualities inherently ingrained into the framework of these institutions, such as geographic proximity to home or work, institutional emphasis on the adult-learner, flexible class schedules, and campuses in other states.

These qualities were also highlighted in a follow-up to the 2009 report entitled, *“Service Members in School: Military Veterans’ Experiences Using the Post-9/11 GI Bill and Pursuing Postsecondary Education,”* and report author, Jennifer L. Steele’s, subsequent Commentary in the Army Times entitled, *“Colleges Can Learn from For-*

Profits Emphasis on the Consumer.“ The Report indicates that many veteran-students attend private sector colleges and universities, including availability of evening and weekend classes, matching skill-training with marketplace need, and hybrid classroom- and online-based academic delivery, and generous awarding of military experience or training as academic credit. Access was cited as the most important quality to the veterans surveyed, and private sector colleges and universities often provided the only access to the required courses leading to a degree. Veterans valued the high institutional participation in the Yellow Ribbon Program; one-third, or thirty-percent, of private sector colleges and universities participate in the Yellow Ribbon program, and proudly, of the participating schools, forty-five percent place no restrictions on the number of veterans served or offer the maximum benefit contribution. Private sector colleges and universities were also given higher-than-average rates by veterans with respect to their academic advising experiences.

Since the enactment of the Post-9/11 GI Bill, 152,000 veterans, spouses, and dependents have chosen to attend private sector colleges and universities using the Post-9/11 GI Bill. Since the benefits began in 2009, time-and-time again veteran-students have cited the reason for their decision to attend public two-year institutions and private sector colleges and universities is the simple fact that our schools have the greatest capacity to meet their educational needs. As non-traditional students, veterans in particular value many of the institutional qualities, which are inherently ingrained into the framework of private sector colleges and universities, such as geographic proximity to home or work, institutional emphasis on the adult-learner, flexible class schedules, and campuses in other states. **Qualities Sergeant Michael Kidd (USMC) considered when he chose ECPI University because the school gave him the flexibility to continue his military service and offered the retraining necessary to pursue a career using computers after suffering debilitating injuries during his deployment in Iraq. Sergeant Kidd has gone from fighting combat threats to learning to fight cyber threats, as part of a DoD initiative aimed at getting injured service members back into the military or the civilian workforce. Cyber-warfare is an increasingly concerning threat, according to a 2011 DoD report, identifying the vulnerability of more than 15,000 defense computer networks and seven million computing devices across hundreds of installations across the world and civilian targets, such as power grids and financial systems. Job prospects for wounded warriors in cyber-security fields are favorable, especially for those who hold security clearances. Sergeant Kidd is one example of our Nation's wounded warriors who are making the transition from the battlefield into a non-traditional combat field thanks to the support of a private sector university. Comment [SP1]: ECPI student**

Corporal Chad Pfeifer (USA) ret. also represents the face of military and veteran education today. In the immortal words of Robert Frost, “the best way out is always through,” and Chad’s story of recovery and discovery following an IED detonation which took his left leg while serving in Operation Iraqi Freedom in 2007, is nothing short of inspirational. Rather than succumbing to depression or the limitations of his disability, Chad taught himself to play golf, as a way of staying sane during the grueling seven months of physical therapy. It is estimated that one that one in five returning combat veterans reports coping with at least one disability, and Chad returned home needing time to heal from his debilitating, physical loss while also re-adjusting to civilian life. The Army veteran and Purple Heart recipient, picked up a golf club for the first time during his rehabilitation and never looked back. Hitting balls became a form of therapy as he adjusted to life with his new, prosthetic leg, and Chad was a natural. It was soon clear that golf had a transformative impact on him and when his therapy was complete, Chad returned to his hometown to pursue his interest in the golf industry professionally. With the support of his family and new colleagues, he entered the National Amputee Championship—a tournament that would come to define his future education and career path. Chad had tried the “traditional” higher education route, but it was his chance encounter at the tournament with another competitor who was a student at The Golf Academy of America that sent him down the path of achieving his dream of a professional golf career. In 2011, Chad received an associate degree in Golf Complex Operations and Management and the scratch golfer is now working his way through the PGA Apprentice Program in Scottsdale, AZ as an assistant golf professional. What started out as a form of therapy, ultimately became Chad’s personal and professional salvation, and with great humility, credits The Golf Academy of America for his tremendous accomplishments and for making his dreams of hitting a little, white ball into the hole a reality. The veteran-centric support Chad received at the Golf Academy is evidenced in both the way he ended up enrolling there and the way he describes his experience as a veteran-student there. Serving military and veteran stu-

dents is a top priority for The Golf Academy of America, as part of the Education Corporation of America family, and benefits from the Military Student Center (MSC), which was launched in 2009 and is available to all students, faculty, and family members. Modeled from the best practices of both private and public institutions serving military- and veteran-students, the MSC is a clearinghouse of resources for military and veteran students, and currently serves more than 2,900 enrolled military and veteran students. Military veterans and spouses, who have been given specialized training in both DoD TA and VA benefits, assist prospective and current students in understanding the complexities of the various benefits for which they may be eligible. In the last year, the MSC has responded to almost 29,000 phone calls from students in need of assistance. Since its formation, the MSC has also awarded more than \$7.7 million dollars in scholarships to servicemembers, veterans, and their families. In addition, Education Corporation of America is a member of the SOC and follows guidelines established by the ACE for evaluation of both military and college transcripts. But, ECPI and The Golf Academy of America are just two examples of how our schools are truly serving the needs and addressing the concerns of veterans.

Unfortunately these stories, and countless others, are not often told in the media or on Capitol Hill. The bad actions of some schools have set the stage for those with the bully-pulpit to launch an attack on the hundreds of thousands of veterans, spouses, and dependents who attend private sector colleges and universities. If there is one thing we can all agree on today, Sergeant Kidd and Corporal Pfeiffer, along with their brothers and sisters in uniform who have fought, died, and continue to proudly serve our Nation, are heroes; not pawns in Washington's latest political game. To that end, APSCU remains committed to working with every stakeholder to identify and resolve any problems that might exist. I would like to address these remarks specifically to the Members of the Subcommittee, full Committee, representatives from the VA and veteran service organizations, and even the Administration, when I say for the record that even one bad action by any institution of higher education that violates the educational principals we have been entrusted with by our military and veteran students is one too many. Further, I cannot and will not defend the indefensible. The recruitment of any prospective student, veteran or civilian, who cannot reasonably be expected to make informed and thoughtful enrollment decisions, is unconscionable. Recruitment documents that require staff to use psychologically cruel methods and strategies to pressure prospective students to enroll are absolutely **unacceptable**[JS2][SP3]. The majority of private sector colleges and universities hold the integrity bar very high for their recruiting personnel, and expect recruiting activities to follow legal, regulatory, and moral standards when interacting with any prospective student, however. A veteran who is here in this room today experienced the frustration felt by many other veterans who visit a very official-sounding website in search of information about their education benefits, but are instead bombarded by unwanted phone calls and/or emails. This is not ok. But, the solution to ensuring that our veterans enroll at the institution that best meets their needs, receive the support they need to complete with a degree or diploma, and the skills and resources to find a job will be found here, in this Subcommittee and in the Senate Veterans Affairs Committee, not through a Presidential Executive Order. And APSCU appreciates the opportunity to further assist the Subcommittee in identifying and facilitating the right solution to the challenges facing our Nation's veteran-students.

[JS2]We need to make clear that if this happens, first it is the rare exception NOT the norm. And second there already exist remedies for improper representation of a school's education outcomes.

[SP3]Unfortunately, this comment was not regarding any misrepresentation – it was regarding multiple schools' inclusion of very objectionable language (ie "Pain Funnel; Push the Pain Points)

Ultimately the success or failure of the Executive Order is in the hands of the Administration. A promise was made to me that the White House would work directly with APSCU and others in the higher education sector to address concerns about the complaint process. I will hold them to that and I hope you will also. We must address the structure and scope of the complaint process to ensure that both the rights of the student and the rights of the institution are protected. There are also significant deficiencies with the "Know Before You Owe" form and the use of insufficient, inadequate data. As I said in my opening paragraph, if our collective goal is to ensure that our servicemembers and veterans receive the education they deserve with the benefits they earned at every institution of higher education, then we must put politics aside and get to work on a real solution.

Mr. Chairman and Members of the Subcommittee, I want to express my deep appreciation for both your continued commitment to insuring our veterans are pro-

vided with both the access and the quality they deserve using their earned, education benefits; and for your continued oversight efforts of this process. It is imperative that we seize this opportunity to work together to achieve the outcome we all seek. But for that to happen, we must summon a greater spirit of positive collaboration among all stakeholders. APSCU is prepared to do the hard work that lies ahead and welcomes anyone, at anytime, to join us in continuing the evolution of this conversation out of the realm of political rhetoric and into thoughtful policy discussions with the end goal of arming our veterans with the resources they need to make the best academic decisions!

Thank you. I stand ready to answer any questions you might have.

Prepared Statement of Margaret Baechtold

Chairman Stutzman, Ranking Member Filner, and Members of the Subcommittee, Thank you for the opportunity to testify today on behalf of the National Association of Veterans Program Administrators (NAVPA) regarding Executive Order 13607. My name is Margaret Baechtold. For over five years I have served as the Director of Veterans Support Services at Indiana University, a major public four-year institution of higher education where we believe in Honoring Service, Supporting Education, and Serving Veterans. A veteran myself, I retired from the United States Air Force as a lieutenant colonel after 20 years of service. I also currently serve as the Legislative Director for NAVPA. NAVPA's membership is comprised of educational institutions from all sectors with an organizational commitment to advocating for what is in the best interests of student veterans at our institutions. Our expertise lies in the administration of veterans programs at colleges, universities, and other education providers and most of our members serve as school certifying officials for VA education benefits. Our organization represents close to 400 educational institutions nation-wide and our leadership is comprised of non-paid staff members. We voluntarily serve NAVPA in an effort to better serve the veterans on our campuses.

As a voluntary organization, NAVPA does not police its membership regarding the issues raised by this Executive Order. Our primary mission is to provide training and professional development to member institutions, collect and disseminate best practices surrounding support for student veterans and military members, and advocate on behalf of students and our institutions. As an organization, we believe strongly that all educational institutions should be forthright and open with all students, particularly with regards to veterans' and military service members' unique needs and circumstances.

Like so many other organizations, NAVPA has been dismayed at news reports of unscrupulous organizations' treatment of unsuspecting veterans and we strongly condemn the abuses to which veterans have been subjected at the hands of some institutions. While we believe there are no doubt costs and burdens involved in implementing Executive Order 13607 at our institutions, we cannot object to an initiative that seeks to ensure that veterans are appropriately recruited, advised, and supported while in school. NAVPA is pleased that the President has taken such a direct interest in the education needs of our nation's veterans.

(Section 2 - Financial Advising) We recognize that a requirement to provide specific and personalized financial advising will be challenging to implement, and increases the administrative burden on schools. This advice can only be provided if the institution has full access to all of the eligibility information required to determine possible aid alternatives. NAVPA has long advocated for direct access to student information from the VA and will continue to do so. At present, eligibility information is generally not provided directly to institutions, and it is incumbent upon students to furnish such information. As students do not always self-identify as military service members or veterans prior to enrollment, comprehensive information about student benefit eligibility is exceptionally challenging to obtain.

The timing of institutional and agency business practices will also make implementation of financial advising requirements difficult. Some specific services that may be mandated pursuant to the Executive Order require information about student benefit eligibility from both the VA and the DOD at a very early stage (prior to enrollment). However, students cannot even apply for certain federal benefits or assistance, such as Army Tuition Assistance, until after they have already enrolled in classes. Schools cannot effectively predict in advance when and how much funding might be provided by military tuition assistance – or even Veterans Affairs education benefits – prior to enrollment, application to those agencies either for general eligibility or for the specific term of enrollment, and benefit or award authorization.

Furthermore, it will be particularly difficult to provide individualized financial counseling prior to enrollment when many benefits are based on actual enrollment levels, actual institutional charges, and the receipt of other financial awards. Many federal, state, private, and campus-based financial awards are determined by a student's unmet financial need, and must be adjusted when a student receives other funding. The Post-9/11 GI Bill is one example of a program that pays a net-cost, which must be adjusted when other tuition-restricted awards are processed.

NAVPA supports efforts to improve the information flow to prospective students, which will help veterans make better-informed decisions about how to use their benefits, but we also recognize the challenges involved with implementing the services required by this Executive Order. We hope and expect that as policies are developed, we might contribute to the conversation about how best to provide the information needed by prospective student veterans and their families regarding funding options for their education.

(Section 3 - Data Reporting) We particularly appreciate the Administration's efforts to rely on existing data and reporting mechanisms to mitigate the potential increase in workload on the part of schools. One estimate from a four-year public institution predicts the initial time commitment to build a report structure in compliance with the broad goals of this Executive Order would be 100–150 man-hours. The type of aggregate data reporting required would likely not come via our members, the School Certifying Officials, but rather from school Institutional Reporting offices that now collect, analyze and report data for other federal requirements such as those from the Department of Education. Collective information is not something that certifying officials have the authority to access or release on behalf of their institutions.

(Section 3c - Success Metrics) All schools are interested in assessing the success of all their students. The most important factor will be to define success appropriately for each academic environment and develop data collection methods that are robust, accurate, and meaningful. We hope and expect that educational institutions and the organizations that represent them including NAVPA will be involved in the process of developing these desired outcomes and metrics.

(Section 3d - Information Sharing) We support efforts to provide or improve resources for comparative data for students about prospective schools. Links between the VA's eBenefits portal and information collected and available through the Department of Education could serve to streamline veteran's access to comparative data regarding their education options. We also encourage continued efforts to provide schools access to data about individual student's benefit eligibility so we can accomplish the tasks asked of us by both this Executive Order and current regulations. While we understand that these improvements will require resources to complete, we feel these are worthwhile investments. We do have concerns should the appropriate resources not be provided to the entities responsible for implementation.

(Section 4 - Oversight) As I stated previously, NAVPA fully supports efforts to ensure veterans are appropriately recruited, advised, and supported while in school. Requiring disclosure by schools should not be a substitute for solid oversight, however. The agencies administering these programs at all levels are in need of further oversight resources to provide training and enforce the provisions of this Executive Order as well as the currently existing regulations. The VA needs assistance with compliance tasks now that the Post 9/11 GI Bill has become so complex. Diverting State Approving Agency resources to that role has proven problematic and leaves no one to fulfill the SAA's historic role of providing training and supervision to institutions regarding education issues beyond the payment of education benefits. There are varying roles within the oversight arena and tasks should be distributed to the agencies best suited and situated to accomplish them.

(Section 4 a—Complaint System) We have no reservations about a structured and centralized complaint system. We too want to see every institution provide superb education and support for veterans. This is another area that will require appropriate resourcing to ensure the agencies such as State Approving Agencies tasked with implementing this system can manage this along with all other current tasks.

Mr. Chairman, this concludes NAVPA's statement. As a veteran and on behalf of the members of NAVPA, I'd like to thank you and the member of the Subcommittee for your leadership on issues of critical importance to America's veterans. I appreciate this opportunity to share our views today. I look forward to working with you and would be happy to answer any questions you may have.

Executive Summary

NAVPA represents almost 400 educational institutions, advocating on behalf of them and the student veterans enrolled at each of them. NAVPA has been dismayed

at recent reports indicating poor treatment of veterans by unscrupulous organizations.

While we believe there are costs and burdens associated with Executive Order 13607, we cannot object to any initiative that serves to ensure veterans are appropriately recruited, advised, and supported while in school.

The financial advising required by Executive Order 13607 will be challenging due to limited access to information and timing. Schools cannot accurately advise students about financial options prior to enrollment when benefits are contingent on the student's enrollment record and other financial awards. Schools also need direct access to student eligibility information from federal agencies such as the VA in order to accurately advise students about their various benefit options.

Reporting of aggregate data on student veterans and military members will require additional effort on the part of schools that do not already track these students as a sub-population. We appreciate the efforts in this Executive Order to rely on existing data reporting mechanisms to mitigate this increased workload.

All institutions are interested in measuring the success of their students. The challenge lies in appropriately defining success and the metrics by which it will be measured.

We support efforts to collect and disseminate information to assist veterans in making informed educational choices.

We continue to request access to data on individual student benefits to better allow us to provide the type of financial advising anticipated by this Order.

Disclosure by schools is not a substitute for robust oversight and agencies tasked with that oversight need to be appropriately resourced.

We have no reservations about a structured complaint system, but those charged with its implementation need to be appropriately resourced to fulfill these tasks along with all others asked of them.

NAVPA hopes and expects to be participants in the conversations about how to most effectively implement the requirements of this Executive Order

Prepared Statement of Barmak Nassirian

Chairman Stutzman, Ranking member Braley, and Members of the Subcommittee.

My name is Barmak Nassirian and I am Associate Executive Director with the American Association of Collegiate Registrars and Admissions Officers. AACRAO is a non-profit association of more than 2,600 degree-granting institutions of higher education and some 11,000 campus enrollment services officials. The admissions professionals within our membership play a central role in recruitment and academic placement of veterans and active-duty Service members. In addition, the registration officials within our membership have historically served as institutional points of contact with veterans and Service members, and serve as school certifying officials on many campuses. I appreciate the opportunity to participate in today's hearing on Executive Order 13607 and its impact on veterans and institutions.

The April 27 Executive Order Provides Needed Protections

While concerned about its implementation challenges and compliance costs, we nevertheless strongly support Executive Order 13607 ("EO") as an important first-step in improving educational opportunities for veterans and Service members and in protecting them from predatory providers. There is ample evidence that veterans and Service members are being specifically targeted by a subset of providers who mislead them into enrollment in expensive programs of highly questionable educational and employment value. The nearly \$10 billion of combined federal educational benefits that the Departments of Defense (DoD) and Veterans Affairs (the VA) provide for veterans and Service members are, of course, sufficient incentives in themselves for unscrupulous providers seeking to maximize profits through high-pressure marketing, deceptive advertising, and misrepresentation of worthless or subpar programs that often cost vastly more than quality programs at legitimate institutions of higher education. But a gatekeeping provision of the Higher Education Act of 1965 ("HEA"), known as the "90-10 Rule," which requires for-profit schools to derive at least 10 percent of their annual revenues from sources other than HEA Title IV ("federal student aid") programs, provides an even more powerful economic incentive for the targeting of veterans and Service members. This is because revenues derived from programs administered by the DoD and the VA, although funded entirely with federal dollars, count as part of the 10 percent non-Title IV cash flows of for-profit schools. Institutions that have difficulty selling their

programs to anyone but individuals entirely financed with Title IV funds can thus leverage nine dollars of federal student aid funding for every dollar they obtain through the DoD or the VA. Enrolling veterans and Service members is now a matter of company survival for many for-profit corporations, because without DoD Tuition Assistance and GI Bill revenues, they would also lose eligibility for Title IV, which is their lifeblood and otherwise their sole paying customer.

It should therefore come as no surprise that for-profit providers are resorting to extreme measures in their attempts at recruiting veterans and Service members. The pattern of fraudulent and abusive marketing and recruitment practices targeting veterans and Service members that have come to light over the course of the past few years are disturbing and reprehensible. These include aggressive recruitment of veterans with traumatic brain injuries, misrepresentation of actual costs, and the bundling of “free” consumer electronic giveaways with expensive tuition charges as inducements for enrollment. In addition to the mounting evidence of corrupt and questionable recruitment practices, the program utilization data for both the DoD’s Tuition Assistance Program and the Post-9/11 GI Bill clearly evince signs of systemic abuse, with a disproportionate share of program funds flowing to institutions with high costs and abysmal retention, graduation, and job placement outcomes. The EO represents a constructive attempt at providing greater transparency about costs and outcomes and, if properly implemented over the coming months, will certainly provide veterans and Service members with critical protections lacking today. Even the most robust implementation of the EO, however, would not be sufficient to root out waste, fraud and abuse altogether. As the Subcommittee deliberates about future legislative improvements to the Post-9/11 GI Bill, it may wish to consider more effective gate-keeping provisions. **The single most effective legislative amendment to the Post-9/11 GI Bill would be the adoption of an “80/20” rule to require that participating institutions derive at least a modest 20 percent portion of their annual revenues from non-federal sources.** The ability of companies to sell their services to buyers spending non-federal dollars would provide the best market-validation of their offerings and would certainly offer an assurance that taxpayers are not the only buyers of any provider’s worthless services.

Compliance Issues

Assessing the likely processes through which the directives established in the EO would be implemented is extremely difficult at this early stage. There can be no doubt that even the most carefully crafted implementation of the EO will entail institutional costs, but such costs would, we hope, be justified by the added protections for Service members and veterans. There are significant administrative challenges in coordinating the efforts of the several federal agencies involved, and micro-management and regulatory overreach are distinct possibilities. But in conversations with Administration officials, we have been assured that the agencies are sensitive to compliance issues and institutional burdens, and that every attempt will be made to reduce duplicative and unnecessary requirements. The higher education community, in turn, stands ready to work with the Administration and Congress in implementing the “Principles of Excellence” articulated in the EO.

Principles of Excellence

The EO lists eight specific consumer disclosure and protection provisions that institutions should comply with to the extent permitted by law. Participating institutions would be required (or encouraged) to:

- 1—provide prospective students who are eligible to receive military or veterans educational benefits with a “personalized and standardized” form that discloses certain cost, aid, and outcomes data. While appealing in concept, this requirement will prove exceedingly difficult to implement in practice, particularly given that institutions often do not know whether an applicant or even a student may be eligible for certain federal benefits. Clearly, the mandate should apply to all cases where institutions do know about a prospective student’s likely eligibility, but unless a readily available method of verifying eligibility is provided for institutions, some interpretive flexibility will be essential. In addition, consensus on the specific data to be disclosed will prove quite challenging. On this latter issue, we strongly urge the designated agencies to engage representatives of higher education institutions in a collaborative effort to arrive at reasonable definitions. Understandably, our interactions with the Department of Education have been quite collegial over the years, and we have established better relations with the appropriate offices within the DoD in recent months. Despite its increasing prominence given the growing number of student vet-

erans, the VA has been generally less accessible and less communicative, and we hope to be more engaged with its leadership and officials as well.

2—inform students who are eligible to receive military or veterans education benefits of the availability of federal student aid programs. This requirement can and should be carried out for all students. The challenge here is how the agencies of jurisdiction will attempt to carry out the mandate and how institutions would demonstrate compliance. Federal student aid programs are typically less expensive and offer greater protections to students than private financing arrangements, and all students should be properly counseled of their availability before they resort to private borrowing or payment with credit cards. Unfortunately, some ill-advised agency policies—the VA’s on-again, off-again policy of attempting to collect outstanding balances from previously certified veterans’ educational benefits due to institutions, for example—inadvertently promote last-minute private financing by cash-strapped veterans, a matter that we hope the Subcommittee takes up with the VA.

3—end fraudulent and aggressive recruiting techniques, misrepresentation, payment of incentive compensation, and failure to meet State authorization requirements. Institutions participating in Title IV are already subject to these strictures and compliance with this requirement will not be particularly difficult or costly for them. On the issue of fraudulent and aggressive marketing and recruitment, we are certainly aware of some the excessive and abusive practices documented by the media, veterans’ advocacy organizations, and public interest groups. As a voluntary association of colleges and universities we have no investigative or enforcement powers against entities that engage in such behaviors, and believe that the Department of Education has not done an adequate job of enforcing the applicable regulations. It is our hope that the EO will induce all agencies of jurisdiction, including the department of Justice, to step in and address the problem through robust enforcement of the law.

4—obtain the approval of the institution’s accrediting agency for new academic offerings when appropriate under the substantive change requirements of the accrediting body. Again, institutions participating in Title IV are already subject to these strictures and compliance with this requirement will not be particularly difficult or costly for them. We believe that accreditation is increasingly vulnerable to gaming and manipulation by corporate entities with vastly greater resources than their accrediting bodies, but hope that this provision of the EO will serve notice to accrediting agencies that they need to do more when confronted with rampant waste, fraud, and abuse.

5—allow Service members and reservists to be readmitted in cases of absence or withdrawal due to Service requirements. This is current practice at most legitimate institutions, and compliance with this provision is not substantively problematic. We hope that the agencies will be minimalistic in interpreting this requirement, however, because heavy-handedness and micromanagement of policies at thousands of schools would be ill-advised, costly, and burdensome.

6—agree to an institutional refund policy that is aligned with return of Title IV rules. This provision can, in its most expansive reading, be interpreted to upend current refund policies and prove extremely expensive and unworkable for most institutions. It is our understanding, however, that the intent of this language is to apply the existing Title IV refund provision to institutions that do not participate in Federal Student Aid programs, in which case there would be no additional costs for the vast majority of institutions.

7—provide educational plans for Service members and veterans. After months of extensive conversations with DoD officials, we jointly agreed that a better label for what they hitherto referred to as “educational plans” would be “degree requirements.” So long as this provision is interpreted in conformity with that understanding, we do not believe that it would impose particularly difficult compliance challenges for institutions. We have been assured that this provision of the EO is intended to mandate the same general disclosures as those that the DoD and representatives of higher education institutions have discussed.

8—designate a point of contact for Service members and veterans. This is a provision that we support, and would require a practice that most institutions already have in place.

Implementation

The Departments of Defense, Education, and Veterans Affairs must take immediate action to implement the EO in consultation with the Department of Justice, and the Consumer Financial Protection Bureau; and are to provide the President with a progress report within 90 days. While some of the requirements articulated

in the EO can be imposed through administrative, regulatory, or enforcement mechanisms; others may require legislative authorization. The DoD, for example, has significantly greater discretion in defining the programmatic requirements of the Tuition Assistance program than does the VA in its management of GI Bill benefits. Indeed, we were initially concerned that the EO may delay the release of the DoD's long anticipated revision of its Memorandum of Understanding (MOU). But we have been informed that the EO's requirements will be included in a future version of the MOU, and that the DoD will release the revised version sometime this summer as previously announced.

The choices and decisions that the agencies will make over the coming weeks and months will have significant consequences in terms of compliance costs and effectiveness of the EO's implementation. Such contested and controversial concepts as "student outcome measures" or "key measures of affordability and value" will have to be defined, and the data needed to generate them will have to be obtained. We urge the agencies to consult and regularly communicate with institutions of higher education as they proceed, and are ready to provide assistance as appropriate. The centralized complaint tracking system, procedures for referrals to the DOJ and the configuration of targeted risk-based program reviews and audits are, in themselves, quite reasonable requirements that we would support. As always, there are dangers associated with even seemingly innocuous requirements, and the as-yet-unknown manner in which these new policies will be implemented does lead to compliance and cost concerns. Other provisions of the EO, in contrast, are more readily understandable and more immediately acceptable to institutions. The EO's requirement, for example, that the agencies initiate a process to protect the "GI Bill" from misleading commercial uses is one that we strongly endorse, as is its call to create uniform rules and procedure for access to military bases.

Mr. Chairman, I thank you for this opportunity to share some of our concerns with you and the members of the Subcommittee. AACRAO stands ready to assist the Subcommittee in its work on this important issue.

Prepared Statement of Dr. Jonathan C. Gibraltar

Chairman Stutzman, Ranking Member Braley, and distinguished members of the Subcommittee. I am Dr. Jonathan Gibraltar, President of Frostburg State University in Maryland. I am testifying on behalf of the American Association of State Colleges and Universities, commonly known as AASCU. AASCU represents over 400 institutions and university systems across 49 states, the District of Columbia, Puerto Rico, Guam and the Virgin Islands.

Thank you for holding this hearing and providing me the opportunity to present testimony regarding the President's April 27th Executive Order, which establishes Principles of Excellence for Educational Institutions Serving Service Members and Spouses. I ask that my testimony be entered into the record.

AASCU appreciates the intent of the issued Executive Order. Our nation's veterans and military personnel should be able to obtain quality information about institutions and their programs that also take into consideration the particular benefits they have earned. AASCU and its member institutions, including my own campus, value the perspective and experience that servicemembers and veterans bring to our institutions. As such, we take our commitment to providing them a quality educational experience very seriously.

In fact, AASCU as a whole has concerned itself with the welfare of military and veteran students for decades both as a member of the larger higher education community and as the administrative agent for Servicemembers Opportunity Colleges (SOC) since 1972. As an association representing four-year public institutions—a sector that in 2007–08, prior to the Post-9/11 GI Bill's enactment, served roughly 21 percent of military undergraduates according to the National Center for Education Statistics (NCES)—AASCU represents many institutions that have made a commitment to serving this population of students.¹ Therefore, the specifics of our testimony are offered in the spirit of assisting the various Cabinet agencies involved in implementing the Executive Order to best help the veteran and military students who our institutions have educated for years.

To discuss my own institution for a moment, the G.I. Bill has had a significant impact on the history of Frostburg State University, marking its move to the modern era. In early 1945, enrollment in Frostburg State Teachers College had dwin-

¹ See "Issue Tables: A Profile of Military Servicemembers and Veterans Enrolled in Postsecondary Education in 2007–8"

dled to 62 students and Frostburg was slated for closure. With the advent of the G.I. Bill, however, enrollment jumped to 272 students in 1946. By 1949, it had grown to 427, a six-fold increase in five years. As the G.I. Bill transformed our nation, it transformed Frostburg, truly marking the beginning of the modern era for our institution.

Since then, Frostburg State has continued to evolve as the needs of veterans have changed over the years. In the 1960s and early 1970s, our concern was accommodating the disruption in students' educations, especially if they were drafted mid-year, as well as meeting their educational and other needs upon their return from service.

The attacks on September 11, 2001, and the subsequent wars in Afghanistan and Iraq have necessitated the nation undertake similar measures to serve those who served us. As the conflicts in Iraq and Afghanistan wind down and over 2 million troops are withdrawn from those areas, more and more veterans will be arriving on college campuses to use the educational benefits they have earned serving our country. In addition, our active-duty military are combining service to the country with higher education. For example, in 2011, 751,000 active-duty military utilized their Tuition Assistance (TA) benefits by enrolling in undergraduate programs. A total of 41,223 undergraduate degrees were awarded; including graduate degrees, 44,691 total degrees were completed by TA users.

On the veteran front, the Department of Veterans Affairs (VA) stated in its February 2012 budget request that over a million active-duty military personnel are projected to become veterans over the next five years. VA anticipated that if its spending proposals were approved by Congress, they would support education benefits for more than a million American veterans. According to the same VA document, in FY 2013, "The Post-9/11 GI Bill will help pay the educational expenses of more than 606,000 service members, Veterans, family members and survivors."²

Specifically, since Frostburg is not near major military installations, it serves the majority of veterans and active military connected to our region's National Guard and Reserve units. The number of veterans we serve varies significantly from year to year. Our growing online programs, in particular our accredited MBA, are proving popular with veterans since they are designed for flexibility. We anticipate that our newly accredited Bachelor of Science in Nursing for R.N.s, also online, will be of value to military medical personnel.

Those at Frostburg who work most closely with our veterans and military members recognize the same technical hurdles that my colleagues at AASCU do, which I will discuss further in a moment. Those of us "on the ground" are also most aware of the human issues of the individuals we work with. As there is no requirement that students identify themselves as veterans, some choose not to do so for a variety of reasons, meaning they may be missing out on services we can provide. Others arrive at Frostburg without having completed the process to become eligible for benefits, which also means they will be unable to take advantage of provisions in the Executive Order.

We understand that the Executive Order was written in more general terms than any specific implementation documents will be; however, the text of the Executive Order as written raises a number of concerns for AASCU institutions regarding implementation. Higher education and governmental stakeholders learned in the process of rolling out the Post-9/11 GI Bill and revising the DoD MOU that the old adage "the devil is in the details" is still true today; the process of implementing the Executive Order will only reinforce it.

One of those details is the issue of data availability related to the order's requirement that the Secretaries of Defense, Veterans Affairs, and Education "shall develop a comprehensive strategy for developing service member and veteran student outcome measures that are comparable, to the extent possible, across Federal military and veterans educational benefit programs, including, but not limited to, the Post-9/11 GI Bill and Tuition Assistance Program." While AASCU appreciates the order's statement that "To the extent practicable, the student outcome measures should rely on existing administrative data to minimize the reporting burden on institutions participating in these benefit programs," there is considerably more burden to finding available data for this type of outcome measure than meets the eye.

Currently—as explained in the report from an Integrated Postsecondary Education Data System (IPEDS) Technical Review Panel (TRP) convened in November 2011 to address the topic of collecting higher education data on servicemembers and veterans³—IPEDS does not collect data on veteran and military students. The panel

²February 13, 2012 VA Press Release, downloaded May 10, 2012 from <http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2263>.

³See *Report and Suggestions from TRP Panel #36*.

was composed of 43 representatives including the Department of Defense (DoD), VA, AASCU and other members of the higher education community, state governments, and veteran/military student associations. After lengthy discussion, the panel came to the conclusion that “There is value in collecting more detailed information on veterans and military service members to address policy questions and provide more detailed information on veteran persistence rates, graduation rates, and the number of veterans completing postsecondary programs. However, given the limitations in data systems and available data, the panel concluded that IPEDS is not the appropriate instrument for collecting these data at this time.”⁴

Since IPEDS is an aggregated institutional-level database not designed to collect student-level data, and other national sample surveys (such as the National Postsecondary Student Aid Survey [NPSAS] and the Beginning Postsecondary Student Survey [BPS]) are limited in their ability to provide granular data on military and veteran students, the issues of data definition and collection raised by the Executive Order’s requirement to develop national-level outcome measures become even more significant for institutions. This is because institutions and states vary in their ways of defining veteran and military students based on what data is available to them. Yet another significant issue in data definition is, as I have mentioned is the case at Frostburg State, that not all veteran students self-identify as veterans or receive veterans education benefits. Also, as the TRP report points out, institutions and states are not always able to tell if a student covered by another veterans education benefit than the Post-9/11 GI Bill has actually received the benefit, or has only been certified as eligible by the VA.⁵

The points above scratch the surface of the technical issues involved. Higher education stakeholders, including AASCU, are more than willing to share their technical expertise with the Federal agencies tasked with implementing the Executive Order. However, given the complexity of data identification and collection on this topic, higher education institutions will inevitably be asked for data that may or may not be possible to obtain; AASCU would like to highlight this point for the Subcommittee.

This leads to another concern, which is that of reporting burden and associated cost as well as a subsidiary issue of mixed messages from the Administration calling for fewer regulations but adding reporting burden via an Executive Order. In 2010, as part of the reauthorization of the Higher Education Act of 1965, the Government Accountability Office (GAO) completed an analysis of the burden placed on institutions to comply with expanded mandatory IPEDS reporting.⁶ Among other issues, GAO found that “Schools reported time burdens [to complete IPEDS reporting] ranging from 12 to 590 hours, compared with the 19 to 41 hours Education estimated”⁷ Further, GAO reported that institutions incurred a total estimated salaries and computer costs of over \$6 million.⁸

Other than mandated Federal and state reporting as well as required reporting to accreditors, institutions also conduct significant internal data analyses and respond to external stakeholders including multiple publishers whose materials are used by many students, including servicemembers and veterans, to choose colleges. The call for specific, comparable outcome measures in the Executive Order would be an expansion of current reporting requirements. As mentioned above, the data required is difficult to collect (and may be impossible in some cases) for institutions to obtain on their own. Depending on how the Executive Order is implemented, it may require institutions to incur considerable back-office costs related to reprogramming/expanding data systems and staff time. Given cuts to state-level higher education support over time combined with ever-expanding reporting requirements on multiple fronts, this cost is not a negligible issue for AASCU institutions.

In fact, to turn to my own institution’s case again, both Section 2(g) and Section 3(d) in the Executive Order will require the expenditure of significant amounts of professional time and effort, far beyond anything currently required by VA or State Approving Agency (SAA) mandates. It will not be possible to accomplish this kind of task on our campus without bearing the burden of an additional professional position.

However, the sense AASCU has from initial conversations with the White House and other stakeholders regarding implementation of the Executive Order is that exploring the usability of administrative data on benefit payments housed in various

⁴ Ibid, p. 9.

⁵ Ibid, p. 4.

⁶ See *“Institutions’ Reported Data Collection Burden Is Higher Than Anticipated But Can Be Reduced Through Increased Coordination”*

⁷ Ibid, p. 10.

⁸ Ibid, p. 2.

Cabinet agencies—e.g., the Department of Education and the Department of Veterans Affairs—would be a profitable avenue to follow. AASCU encourages the use, wherever possible, of data housed in the various data silos of the Departments of Education, Defense, and Veterans Affairs in order to comply with the Executive Order. If this data were released to the higher education community (while following applicable data privacy standards), higher education researchers can assist in analyzing the data. AASCU also looks forward to continued collaboration with those tasked with carrying out the Executive Order to find cost-effective ways of providing usable and meaningful data on military and veteran students.

While data-related implementation issues are of considerable concern to AASCU, an additional key concern is the complaint system outlined in the Executive Order that would “create a centralized complaint system for students receiving Federal military and veterans educational benefits to register complaints that can be tracked and responded to by the Departments of Defense, Veterans Affairs, Justice, and Education, the CFPB, and other relevant agencies.” To provide an institutional-level perspective, Frostburg State University is already in high compliance with VA and SAA mandates. The proposed mandates are very similar to those already in place in Maryland. Our Veterans Affairs Office is already on the lowest frequency of SAA and VA audits due to our excellent performance on all previous audits.

Our concern is with the federal government instituting a centralized complaint system without first establishing whether an individual has already attempted to resolve their complaint with a university or college’s veterans affairs office or with the SAA representatives. Too often complaints rise to the highest level of attention when the difficulty resides at the local level. We suggest that a complaint be permitted to rise to the agency level only when local processes or procedures have failed to resolve the issue.

Furthermore, the text of the Executive Order as written does not give any institution a clear means to appeal complaints made against them. As documented in previous testimony to Congress on the implementation of the Post-9/11 GI Bill by various veterans education and higher education stakeholders including AASCU,⁹ institutions have both received conflicting guidance from VA and have been subjected to VA delays in payment processing. This creates a scenario based on past history where institutions could be investigated by multiple federal agencies based on delays and confusion created by the federal government itself.

Therefore AASCU strongly suggests that higher education stakeholders have significant input into the conceptualization of this centralized complaint system and its operational processes. This should not be taken as a repudiation of the idea that military and veteran students should be able to report valid complaints and have them acted upon by appropriate state or Federal agencies. AASCU does not want to see military and veteran students abused by those who would target their educational benefits. However, AASCU encourages caution and involvement of higher education stakeholders throughout the process of bringing this system online to ensure that the final complaint mechanism serves all parties truthfully and equitably.

This leads me to my final point on behalf of AASCU: As this Executive Order is implemented, AASCU would like to see those implementing it pay special attention to increasing communication and data-sharing by the VA and DoD with higher education stakeholders. As the Post-9/11 GI Bill implementation process in particular has evolved, one consistent frustration on the part of higher education administrators trying to serve their military and veteran students is the lack of consistent, clear, and reliable communication from VA to the higher education community.

VA’s lack of guidance and inconsistent information-sharing on matters that seriously affect institutions’ ability to serve veteran students (e.g., the prospective VA garnishment of tuition and fee payments for unrelated debts, as detailed in a community letter to Secretary Shinseki on April 9, 2012¹⁰) has been well-documented in the media and in previous higher education testimony. While we appreciate that VA has had to learn a new way of doing business with higher education given the structure of the Post-9/11 GI Bill, higher education—and hence veteran students—have still suffered from VA’s lack of communication with the community.

Thus we strongly urge those responsible for implementing the Executive Order to use this opportunity to create a new climate of information and data-sharing in VA and DoD in particular, with higher education stakeholders as equal partners. This will ultimately benefit veteran and military students.

Frostburg State University and other AASCU institutions are eager to continue meeting the needs of our military members and veterans as well as their families. Our experience is that these returning military become solid students and campus

⁹ See testimony from the University of Illinois at Chicago, NAVPA, and AASCU.

¹⁰ See <http://www.nacubo.org/Documents/BusinessPolicyAreas/ShinsekiLetterVA.pdf>

leaders. We support these efforts to protect them. In fact, many of the measures presented in the Executive Order are already in place at Frostburg and within the State of Maryland.

Mr. Chairman, in closing, I again reiterate AASCU's commitment to and recognition of the service of our nation's servicemembers and veterans. As part of that commitment, we strive to provide timely and accurate information to our students. As such, we support the Administration's efforts to ensure that servicemembers and veterans can make the best-informed educational choices appropriate to their unique needs.

Thank you for the opportunity to present this testimony on behalf of AASCU. I am happy to answer questions.

Executive Summary

Concerns regarding implementation of Executive Order

- ◆ Data availability related to specific outcome measures required for veteran and military students
 - Veteran students do not always self-identify as veterans
 - IPEDS does not currently collect data on these two populations
 - Other national sample surveys are limited in ability to provide granular data on veterans and military students
 - Definitions vary by institutions and states depending on data available
 - Institutions may not be able to obtain data – VA and DoD are better sources
- ◆ Reporting burden on institutions and associated cost
 - Reporting requirements in Executive Order are expansion of current requirements
 - Cuts to state higher education support over time reduce staff and monies available to meet requirements at AASCU institutions in particular
- ◆ Establishment of federal centralized complaint system without taking into account whether individuals have already attempted to resolve complaints at local level or with State Approving Agencies
 - ◆ Lack of established clear means for institutions to appeal complaints made against them
 - ◆ Lack of consistent guidance and information-sharing from VA already affects institutions' ability to serve veteran and military students – new culture of data- and information-sharing will need to be established between VA, DoD, and higher education to effectively implement Executive Order

Prepared Statement of Chad Schatz

Introduction

Chairman Stutzman, Ranking Member Braley and members of the Subcommittee on Economic Opportunity, we are pleased to appear before you today on behalf of the National Association of State Approving Agencies (NASAA) to provide comments on “Executive Order 13607 and Its Impact on Schools and Veterans”. We also will provide some additional comments that may be helpful to the Committee as it addresses concerns about maintaining the effectiveness and integrity of the administration of the GI Bills.

Before offering NASAA's observations with respect to Executive Order 13607 and the potential challenges to its implementation, I'd like to offer a few general comments about who serves, sacrifices, and benefits with respect to the GI Bill educational assistance programs administered by the Department of Veterans Affairs under Title 38, USC.

General Comments

We believe NASAA's longstanding presence as the “face of the GI Bill” in the 50 States has the potential to furnish value-added historical information for the Subcommittee; information that is germane to today's public hearing.

Who Serves

The Subcommittee certainly knows that America's sons and daughters who wear the military uniform of the United States represent the very best of character, commitment, and resolve. Like the 19-year olds who scaled the cliffs of Normandy,

America's post 9–11 generation's greatness exceeds only its selflessness while in harm's way.

Disciplined by duty and enlightened through experience, our All-Volunteer Force indeed represents America's most engaging and resourceful of individuals; a segment of our society that literally grows leaders; not just for their military time but for a lifetime. They are mature beyond their years and are undaunted by being part of something so much bigger than themselves.

Deployed to some 120 countries around the world, many of our service members have seen first-hand the insidious effects of tyranny over freedom and dictatorship over democracy. As the late General Creighton Abrams observed: "Soldiers are not *in* the Army. Soldiers *are* the Army." Ordinary Americans whom we ask to do extraordinary things in our defense both here at home and on the world stage. Many of the same airmen, soldiers, Marines, sailors, and coast guardsmen are deployed again and again—year after year.

Extraordinary things? *The National Leadership Index 2005: A National Study of Confidence in Leadership* conducted by the Yankelovich, Inc. Survey organization for *US News and World Report*/Harvard's John F. Kennedy School of Government found that Americans have more confidence in our military—and military leaders—than *any* other segment of our society. They simply do whatever America asks them to do.

Mr. Chairman, perhaps particularly illustrative of the intended beneficiaries of Executive Order 13607 are the observations, first, of Representative Henry Brown of South Carolina, recently retired, who formerly chaired this Subcommittee while working closely with ranking member Michael Michaud; and second, Representative Ike Skelton, recently retired, who previously chaired the House Committee on Armed Services.

At the March 24, 2004 bipartisan House Committee on Veterans' Affairs press conference titled "Wall Street and Main Street Agree: Veterans Give Business the Winning Edge" Representative Brown asked rhetorically:

"In what other aspects of society do technology-savvy 20 year olds maintain multimillion dollar tactical aircraft; navigate and troubleshoot multi-billion dollar nuclear powered ships; and operate and maintain space-based technologies to keep us safe in an increasingly unsafe world?"

Indeed while servicemembers and veterans may be new to postsecondary education and training, they are not new to initiative and responsibility.

At his December 1, 2010 farewell, the former 17-term Representative Ike Skelton expressed concern that fewer and fewer Americans understand the sacrifices of military service:

"I have always considered each young man and woman in uniform as a son or daughter. They are national treasures and their sacrifices cannot be taken for granted. They are not chess pieces to be moved upon a board. Each and every one is irreplaceable."

Who Sacrifices

Mr. Skelton answers this question well.

By definition, sacrifices of military service are not required of average citizens. For example, financial aid abounds for those who earnestly choose not to serve in our military. As a matter of national policy, in fiscal year 2012 the United States will award about \$36 billion in Pell Grants annually for which no service—and no "sacrifice"—to the nation is required.

This was not always the case. Former Senator William Cohen, who also served in the House of Representatives and then as Secretary of Defense, observed on the Senate floor on May 8, 1987 when the Senate passed H.R. 1085, as amended, by a vote of 89–0 to create the Montgomery GI Bill:

"We should remember that when GI Bill benefits were established in 1944, they were the initial step in the federal provision of educational assistance. Until 1965, the GI Bill stood virtually alone as a source of aid to post-secondary students. And as late as 1975, the Vietnam-era GI Bill provided over 50 percent of all student aid to those in post-secondary schools."

Observed former Representative and then-Senator Thomas Daschle – who previously served on this Subcommittee—during this same May 8, 1987 Senate floor debate:

"Every year we spend approximately \$7 billion dollars on no-obligation educational assistance for college students. This, of course, is a worthy expenditure

and a prudent investment in the future of our country. But we should not forget that it is also important that educational assistance be provided to those patriotic young people who have agreed to delay their education so that they can serve their country in a tour of military service.”

And for those who wear the military uniform, NASAA notes that the 1999, bipartisan Congressional Commission on Servicemembers and Veterans Transition Assistance (created under PL 104–275) reported that it was unaware of any other student-aid program in which the student himself/herself pays-in \$1,200 in ‘cold cash’ to become eligible for educational assistance.

Not an in-kind family contribution, the \$1,200 cash pay-in has been required of servicemembers under the historic Montgomery GI Bill (MGIB), which observes its 25th anniversary on June 1, 2012 (Public Law 100–48). Even given the \$1,200 requirement, since its inception in 1987 about

95 percent of servicemembers voluntarily have signed up for the Montgomery GI Bill. Enterprising Americans indeed.

To date, about 2.6 million veterans have used the Montgomery GI Bill in transitioning to civilian life producing untold numbers of business men and women, teachers, engineers, entrepreneurs, first responders, accountants, public servants, pilots, bankers, social workers and professionals in the full range of specialized technologies – to name just a few professions.

Who Benefits

Our domestic economy.

Mr. Chairman, I share with the Subcommittee the economic-return data on the Montgomery GI Bill, as NASAA is unaware of any such data yet available for the Post 9–11 GI Bill. The data are important because it addresses outcomes and can serve as an indicator of future benefits for the Post 9–11 GI Bill.

The preponderance of veterans who have trained under VA educational assistance programs since September 11, 2001 have done so under the Montgomery GI Bill; thus creating economic opportunity at every turn and promise at every door for themselves and their families. Under contract to the Department of Veterans Affairs, the 2000 Klemm Analysis Group’s program evaluation of the Montgomery GI Bill concluded that:

“The Federal Government realizes a sizable financial return on its investment for [Montgomery GI Bill] benefit users who complete a traditional academic program.

“The *Government* return [projected increases in federal taxes collected as derived from the income gain beneficiaries realize] on [Montgomery GI Bill] investment is slightly more than 2 ½-to-one (2.54) for beneficiaries who complete a *four-year* college degree. The *Government* return on investment for beneficiaries who complete a *two-year* degree is more than two-to-one (2.14).

“The *private* return on investment [income gain beneficiaries realize as a result of their added educational attainment] is more than 8 ½-to-one (8.60) for a *two-year* degree and more than seven-to-one (7.36) for a *four-year* degree.”

Mr. Chairman, lastly, as the Subcommittee is aware, the ultimate measure of successful transition from military to civilian life is long-term, sustained employment. And the ultimate judge of the Montgomery GI Bill’s – and the Post 9–11 GI Bill’s—cost effectiveness is the employers who determine whether the program meets employers’ marketplace-workforce development needs.

Fundamentally, employing veterans represents a good business decision. Notes former Marine pilot Robert A. Lutz, past Vice Chairman of General Motors:

“Veterans personify economic strength ... veterans represent the ready work force for the 21st Century ... veterans, regardless of their generation, have the soft skills that every employer seeks; team players with a strong work ethic, loyalty, the ability to start a job and get it done all the way through.”

Indeed NASAA shares the view expressed in 2004 by Representatives Christopher Smith and Mike Simpson: “Hiring veterans for patriotic reasons expresses appreciation and respect. Hiring them for business reasons gets results.” The GI Bill allows veterans to obtain the degrees and training that will allow them to secure those jobs. And employer-based on-job learning and apprenticeships under VA educational assistance programs even help veterans ‘earn and learn’ simultaneously.

Remarks on Executive Order 13607

We compliment the President for wanting to ensure that those who are protecting and have protected our nation are not subject to the abuse of some who are more interested in padding their wallets than providing a quality educational experience. The Executive Order is an effort to address some of the problems that have been identified in recent months and reported by veterans, veteran service organizations and government investigators.

The idea of adopting and applying Principles of Excellence as outlined in the Executive Order is consistent with sound educational philosophy and practices and is currently recognized, respected and implemented throughout much of the education community. Our experience tells us that while some of the proposed requirements in the Executive Order may be helpful to the achievement of the President's goals, they also could result in the establishment of measures and systems that duplicate other approaches and services that already meet the objectives, although in varying degrees of comprehensiveness. Full adoption and execution of the Executive Order Principles could lead to increased work for institutions and other entities without proportional value being added to the process of helping veterans reach their career goals.

For example, the principles related to the availability of other types of financial assistance and information regarding debt [Section 2 (a) & (b)]; and those which address the development of educational plans and the designation of points of contact for academic and financial advising [Section 2 (g) & (h)] are important to the vast majority of educational institutions and are generally integral to the services that they presently provide. Similarly, the information about outcome measures referenced in Section 2 (a) and further elaborated upon in Section 3 (c) is currently available through various systems managed by the federal government and reputable private-sector organizations. We suggest that these areas of concern receive additional study and analysis before mandating their presentation or publication in another separate and distinct format. This will help to avoid unnecessary duplication and expenditure of limited resources.

We favor the general concept advocated in Section 2 (e) regarding readmission after temporary and documented absences. Many institutions already have such a practice and while we understand that it may be unrealizable for some, especially those that offer occupationally-oriented programs consisting of highly sequential learning, most institutions do or can make appropriate adjustments. Here again, the idea should receive further study before commitment to its development as an overarching Principle of Excellence with exacting requirements.

We support the need to redouble efforts to discover false advertising and fraudulent recruiting practices and to tighten policies and procedures that discourage such practices. Section 3696 of Title 38, USC provides an excellent framework from which to work for GI Bill purposes. We suggest that the Subcommittee consider holding a work session to address these issues and include representatives from the VA, State Approving Agencies, educational associations, the Federal Trade Commission and other stakeholders. The session could help the Subcommittee to determine the actual extent of problems and how best to address them.

We do not support the concept advocated in Section 2 (d). Without further qualification, it appears to limit the use of the GI Bills and discriminate against enrollment in some very good "non-accredited" programs of education, some of which are offered by quasi-governmental and not-for-profit entities. Section 3676 of Title 38, USC provides the basic framework for State governments, through their State Approving Agencies, to ensure the quality and integrity of non-accredited programs. Like many provisions in law, refinements can be made to meet the demands of today's marketplace. The Executive Order highlights the need for further review of the topic by the Subcommittee.

Section 4 (a), (b) and (c) of the Executive Order regarding the development of a centralized complaint system with certain coordinated features also demands further study and discussion. While we appreciate and applaud the President's recognition of the critical role that SAAs play in overseeing and ensuring quality educational programming, most educational institutions and State Departments of Education already have comprehensive complaint procedures in place to address a wide range of issues, such as academics, student conduct and finances. While we would welcome a system which would enhance the ability of the SAAs to respond to veteran concerns, this is another topic for an experienced Working Group.

Recommendations

Mr. Chairman, we encourage the Subcommittee to conduct a careful review of existing consumer safeguards and student-information initiatives; particularly those that may reside with the Department of Education, regional accrediting agencies,

the Federal Trade Commission, State Approving Agencies, the Servicemembers' Opportunity College consortium, and other entities. Additionally, we offer the following recommendations. They seem especially timely in light of the increasing concern about negative reports about the use of funds available under the Post 9/11 GI Bill and the treatment of veteran students.

1. Convene a Working Group of Stakeholders whose purpose would be to research problems associated with the administration of the GI Bills and make recommendations to the Subcommittee on changes necessary in law and/or policy to address the problems. Included in the charge to the Group would be a review of the various dimensions of the Executive Order and the topics addressed in the legislation that has been introduced in the House and Senate.

2. Reinstate the approval and disapproval authority held by State Approving Agencies (SAAs) prior to the enactment of Section 203 of PL 111-377; remove the deemed approved provision from Section 3672 and re-designate State Approving Agencies as having disapproval authority in Section 3679. These changes would help to restore the partnership between the federal and state governments that helped to make the GI Bills successful for over 65 years. More importantly, the changes would provide the authority to states/SAAs to take definitive action to help resolve problem areas in a timely manner with minimal disruption to prospective and currently enrolled veteran students. States have the infrastructure, the experience and the expertise necessary to assist Congress and the VA in meeting the challenges forthcoming by increasingly complex educational delivery systems so as to protect our veterans. Where improvements in the processes used by SAAs become necessary, there are already existing provisions in law to help, such as the mechanisms in Section 3674A.

Closing

In closing, Mr. Chairman, I would like to thank you again for the opportunity to comment on "Executive Order 13607 and Its Impact on Schools and Veterans". We very much appreciate your efforts to make continual improvements to the administration of the educational assistance programs for those who defend the freedoms that we all cherish and enjoy. From a grateful nation, they deserve no less. I would be happy to respond to any questions that you might have.

Sources

Some of the wording used in this statement is not original to the NASAA or to me:

At page 1, "who represent the very best of character, commitment and resolve" is attributed to First Lady Laura Bush at a *Troops to Teachers* event, Wright Patterson Air Force Base, October 16, 2002.

At page 1, "disciplined by duty and enlightened by experience" is attributed to the late Michael J. Bennett in newspaper articles that discussed the Commission on Servicemembers and Veterans Transition Assistance recommendations regarding the Montgomery GI Bill. These included: *Fredericksburg Free Lance-Star*, July 5, 2003; *Victorville, California Press Dispatch*, July 6, 2003; and *Stamford, Connecticut Advocate*, July 8, 2003.

Mr. Bennett is author of *When Dreams Came True: The GI Bill and the Making of Modern America*. Brassey's Press, 1996.

At page 1, "but for a lifetime" is substantively similar to words used thematically throughout the text by Suzanne Mettler, in *Soldiers to Citizens: The GI Bill and the Making of the Greatest Generation*. Oxford University Press. Based on extensive survey analysis, Professor Mettler found that World War II veterans who used the GI Bill were twice as likely to be civic leaders, as compared to veterans who did not use it. Dr. Mettler believes this phenomenon likely will hold true for the current generation, as well, once studied.

At page 1, "tyranny over freedom and dictatorship over democracy" is substantively identical to words used by Prime Minister Tony Blair in an address to a Joint Session of Congress, July 17, 2003.

At page 2, the Creighton Abrams quote is attributed to *A Better War* by Lewis Sorley, p. 370.

At page 2, The National Leadership Index 2005 finding is attributed to *Creating a Veteran-Friendly Campus: Strategies for Transition and Success: New Directions in Student Services*, chapter 10: "Stewards of the Public Trust: Federal Laws that Serve Servicemembers and Student Veterans", Robert Ackerman and David DiRamio, editors, Jossey-Bass Press, 2009.

At page 2, the Representative Brown "Wall Street and Main Street Agree" language is attributed to the Jossey-Bass publication above; same chapter.

At page 2, the Representative Skelton quote is attributed to the December 2, 2010 *Army Times* article titled “Skelton Warns of Growing Civil-Military Split”, Rick Maze, staff writer.

At page 3, the Senator William Cohen quote is attributed to page 145 of *Across the Aisle: The Seven-Year Journey of the Historic Montgomery GI Bill*, a case study in the art of legislative leadership, by the Late G.V. “Sonny” Montgomery, University Press of Mississippi, 2011.

At page 3, the Senator Thomas Daschle quote is attributed to *Across the Aisle*, page 145.

At pages 3–4, the Klemm Analysis Group data is attributed to the “The Montgomery GI Bill: 25 Years of Achievement”, Mississippi State University, G.V. Montgomery Center for America’s Veterans, www.veterans.msstate.edu, research and development tab.

At page 4, the Robert A. Lutz quote is attributed to *Across the Aisle*, page 181.

Prepared Statement of Robert M. Worley II

Mr. Chairman and other Members of the Subcommittee, I am pleased to be here today to discuss the Department of Veterans Affairs’ (VA) efforts to implement Executive Order (E.O.) 13607: “Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members.”

In fiscal year (FY) 2011, VA provided education benefits to nearly one million Veterans, Service members, and dependents under a variety of benefit programs. VA is committed to ensuring that VA’s education benefits provide access to high-quality educational opportunities that will enhance our beneficiaries’ ability to meet their academic and career objectives. The actions required by the Executive Order align with these objectives, and reaffirm our commitment to ensuring Veterans are well served by these programs. VA is working closely with other agencies to leverage current initiatives and resources to enhance service to Veterans. My testimony today will review VA initiatives underway to assist Veterans in the pursuit of their education objectives and the impacts of E.O. 13607 on that effort.

Prior VA Initiatives to Inform Education Beneficiaries

Prior to the publication of E.O. 13607, VA had initiated several efforts to increase the amount of information available to Veterans as they pursue programs of postsecondary education. These earlier endeavors provide a strong foundation for the Department to better reach out to beneficiaries in collaboration with other Federal agencies under the auspices of the Executive Order.

In 2011, VA updated the GI Bill website to include links to other VA and Federal resources on postsecondary education and employment, including a “Choosing Your School” guidebook. The GI Bill website now links to the Department of Education’s College Navigator website, which provides comprehensive data on nearly 7,000 colleges and universities in the United States, and to the Department of Labor’s ONET on-line portal, which provides career-specific information on the educational requirements, working conditions, and other factors an individual might consider when choosing an occupation.

VA also sponsors the VetSuccess on Campus program, which will place VA representatives on 24 college campuses nationwide in FY 2012 to support the readjustment needs of student Veterans. In addition, VA’s oversight and compliance staff works closely with State Approving Agencies to ensure that institutional financial aid policies, program information and course guides, advertising, and recruitment practices, accurately present the important information needed by potential and existing student Veterans.

Executive Order 13607

Since the Post-9/11 GI Bill became law, there have been numerous reports of aggressive and deceptive targeting of service members, veterans, and their families by educational institutions. Additionally, members of Congress, the GAO, and others have called attention to the need to provide our military and veteran students with better information about educational institutions prior to enrolling, so that students are aware of graduation outcomes, the true financial costs of educational programs, and other information that allows such students to choose where to spend their federal educational benefits.

In response, on April 27, 2012, the President issued Executive Order 13607, which directs VA, along with the Departments of Defense and Education, to develop and implement Principles of Excellence to ensure that Service members, Veterans,

spouses, and other family members using military and Veterans education benefits have the information they need to make informed decisions concerning their well-earned Federal benefits. They will also establish a centralized complaint system for students receiving military and veterans' educational benefits, and will crack down on fraudulent and aggressive recruiting techniques on and off military installations.

The Executive Order seeks to provide better information and service to students and families in a few key ways. First, it directs VA and other agencies to take steps to ensure that students are provided with the educational and financial information necessary to make informed decisions. VA strongly believes that Veterans should have access to information they need to select high-quality educational programs that match their readjustment goals. Clear information on the total cost of an educational program, including the tuition and fees, the amount of that cost that will be covered by Federal education benefits, as well as information on student outcome, is critical to helping Veterans and Service members navigate the variety of educational options available to them, and helping them choose the program that best suits their needs. Informing students of their federal financial aid options first, helps mitigate the likelihood that veterans will be asked to take out more costly private student loans prior to exhausting all of their federal benefits. These steps are encouraged by the Principles of Excellence.

The Executive Order will also strengthen oversight, enforcement, and accountability within our education benefit programs. It addresses enforcement and compliance mechanisms by requiring creation of a centralized complaint system for students receiving education benefits as well as procedures to address complaints and ensure compliance with the principles. VA, in accordance with the executive order, will continue to expand oversight of schools to the extent permitted by existing law and coordinate with other relevant agencies to identify complaints and act upon compliance concerns.

The Department shares the concern of many Members and Veterans advocate groups about deceptive and fraudulent marketing campaigns using the term GI Bill. The Executive Order requires VA to initiate a process to trademark the term "GI Bill", and in accordance with the directive, VA has already submitted an application to register the term GI Bill with the U.S. Patent and Trademark Office (USPTO) as a trademark. We are continuing to work with the USPTO on the appropriate next steps.

To achieve its goals, this Executive Order requires action on the part of multiple agencies. The VA will publicly post a list of colleges that have agreed to adhere to these principles on our website. Over the next several months, the agencies noted in the Executive Order will submit a plan to the President detailing how they will carry out the Executive Order in each of their relevant programs.

This Executive Order underscores the importance that VA and other federal organizations place on this vital issue. The direction provided by the President will ensure roles and responsibilities are fully understood; coordination is clear; and implementation is efficient. As we review and commence implementation of the provisions of E.O. 13607, we will keep this Subcommittee informed of our plans and any challenges that we may face.

Conclusion

The Post-9/11 GI Bill greatly improved Veteran students' educational opportunities. VA has worked with key stakeholders to help ensure that Veterans utilizing this benefit are paid in a timely and accurate manner. However, that is not enough. By further continuing interagency cooperation and student outreach, VA will ensure that Veterans are informed consumers and schools meet their obligations in training this Nation's next greatest generation.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or the other Members of the Subcommittee may have.

Statements For The Record

JENNIFER L. STEELE, ED.D.

In 2010, the Senate Committee on Health, Education, Labor, and Pensions (HELP Committee) published a series of reports that called attention to aggressive and misleading recruiting practices and high rates of dropout and student loan defaults at for-profit colleges. Because education benefits from the Department of Veterans Affairs and the Department of Defense do not count as federal Title IV financial aid under a law requiring that at least 10 percent of revenue at for-profit colleges come

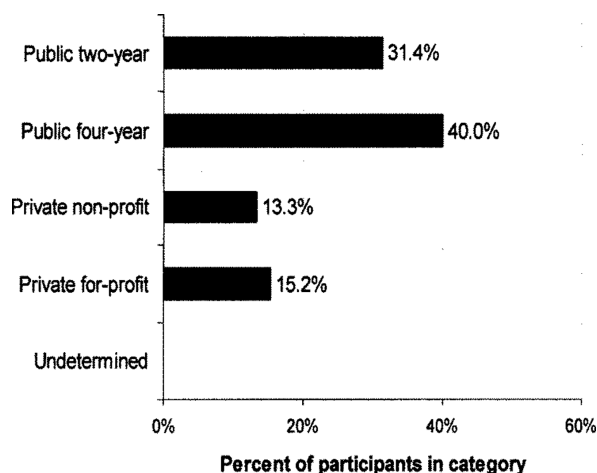
from non-Title IV sources (the so-called 90/10 rule), the reports raised particular concerns about for-profit institutions' recruitment of military veterans. The HELP Committee noted that in the first year after the new, Post 9/11 GI Bill took effect in August 2009, 36.5 percent of the benefits went to for-profit institutions, though these institutions enrolled only 23.3 percent of beneficiaries (U.S. Senate, 2010).

In light of the HELP Committee reports and the ensuing negative media attention on for-profit institutions, one might assume it is the schools' aggressive and targeted recruiting practices that are luring nearly a quarter of Post-9/11 GI Bill recipients to these schools—in other words, that naive veterans are being tricked into choosing overpriced institutions with subpar student outcomes. However, a separate study that my colleagues and I conducted at the RAND Corporation in 2010, during the first year of the new GI Bill's implementation, sheds additional light on why military veterans choose for-profit colleges and the experiences they have there, relative to their counterparts in non-profit and public institutions (Steele, 2010).¹ This testimony summarizes those findings and their implications for consideration of Executive Order 13607, Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members.

RAND's study was conducted at the request of the American Council on Education—a non-partisan membership organization of accredited public and private higher education institutions—and was funded by the Lumina Foundation for Education. We were asked to study implementation of the Post-9/11 GI Bill in terms of the experiences of veterans, active duty service members, and eligible dependents who were using the new benefits to pursue postsecondary education. We also wanted to understand those students' experiences transferring military credits to academic credits and adapting to life on campus. Our study included focus groups at 13 college campuses and included a total of 105 students. The campuses were distributed among three geographically diverse states with large veteran populations—Arizona, Ohio, and Virginia. In each state, we conducted focus groups at one private for-profit college, one private non-profit college, one public four-year college, and one public two-year college.² Building on the focus group data, we then conducted an online survey of a convenience sample of 230 veterans, service members, and eligible dependents enrolled in higher education institutions from across the nation.³

As shown in Figures 1 and 2, both the focus group and survey samples included a substantial share (15–21%) of students at for-profit institutions, affording us the opportunity to compare students' self-reported experiences by sector.

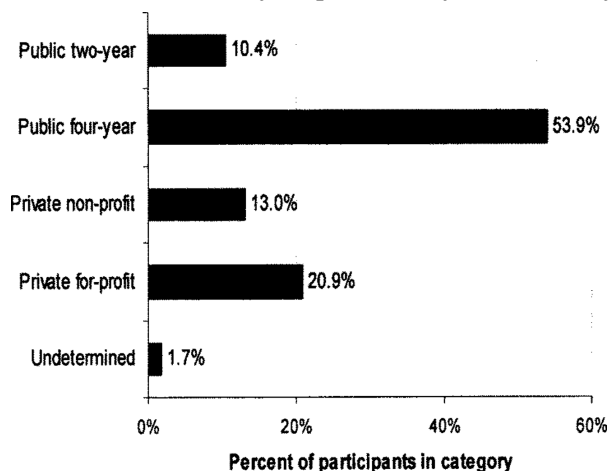
Figure 1. Distribution of focus group participants by institution type (n=105)



¹ This study can be found online at <http://www.rand.org/pubs/monographs/MG1083.html>.

² All private colleges were four-year institutions. In one state, we visited two private non-profit colleges due to low veteran enrollment at one of the two.

³ Survey participants were recruited through an email list maintained by the American Council on Education of individuals who had signed up for an online forum about veterans' issues in higher education, so this was not a random sample.

Figure 2. Distribution of survey respondents by institution type (n=230)

Veterans' Reasons for Choosing For-Profit Colleges

In the focus groups, we asked students about factors that had driven their choice of college and about their college experiences. Contrary to the prevailing image of veterans as undiscerning consumers of higher education, the veterans, Reservists, active duty service members, and family members with whom we spoke described thoughtful deliberations about their choice of institutions.⁴ Students in for-profit colleges reported a number of rationales for their institutional decisions; the main ones are summarized in the paragraphs that follow.

Tuition costs that were covered by their GI Bill benefits. Much of the public discussion of for-profit colleges has focused on their higher tuition rates relative to that of public two-year and four-year colleges, which offer taxpayer-subsidized tuition rates. Placing a larger share of the tuition burden on students can mean that they must take on more debt, but this was not the case for the students we spoke with in for-profit colleges, because their colleges were setting veterans' tuition rates to match allowable GI Bill benefits in their respective states.⁵ Thus, for students who qualified for the full GI Bill benefit, the choice of a for-profit or a lower-tuition public institution was cost-neutral.

Adult-oriented, career-focused programs with flexible schedules. Many student veterans in our focus groups described themselves as working adults, with responsibilities beyond those of a traditional student just out of high school. Among survey respondents, 46 percent said they worked more than 30 hours a week, and 63 percent said so among respondents from for-profit colleges. Despite the availability of a housing allowance in the new GI Bill, numerous participants—especially those with families—reported that they still needed to work in order to make ends meet. Consequently, they wanted programs that offered evening and weekend classes and locations close to their homes or workplaces, with online and face-to-face course options.

While some public two-year and four-year colleges also offer flexible schedules and online courses, students attending such institutions frequently expressed frustration with the immaturity of their peers. One student in a public two-year college said that disruptive students made her classes feel “like an extension of high school.” Indeed, some students in for-profit institutions mentioned that they had deliberately sought an environment that catered to working adults. They were also drawn to the career-focused curricula of the for-profits and the ability to avoid broad-based requirements and electives that did not pertain directly to their career plans.

⁴Henceforth I refer collectively to participants as veterans because separated veterans constituted 77 percent of focus group participants and 82 percent of survey respondents, respectively. Reservists made up much of the rest, with active duty service members and dependents constituting only a small share.

⁵When we conducted the study in 2010, the tuition cap reflected the highest undergraduate tuition rate at a public institution in the state. A legislative change that took effect on August 1, 2011 standardized the cap at \$17,500 across states.

Ability to transfer military to academic credits. For-profit institutions have been criticized as offering credits that are hard to transfer elsewhere. However, it was these colleges' willingness to accept military transcripts that appealed to focus group participants, who generally described wanting to complete their degrees as fast as possible. We heard a similar story from survey respondents. Table 1 summarizes survey responses with regard to students' attempts to transfer credits. Column 4 illustrates that the rate of satisfaction with the credit transfer experience was 60 percent among survey respondents who had attempted to transfer credits into for-profit colleges, versus only 27 percent among those from community colleges, and 41 percent among respondents from public four-year colleges. Only participants from private non-profit colleges reported higher credit transfer satisfaction rates, at 82 percent.

Table 1. Survey respondents' credit transfer experiences, by institution type

Institution Type	Respondents	Attempted to Transfer Military Credits	Satisfied with Credits Transferred Among Those Who Attempted*	Mean Number of Military Credits Transferred Among Those Who Attempted
Public 2-Year	24	62.50%	26.60%	12
Public 4-Year	124	58.90%	41.10%	18.9
Private Nonprofit	30	40.00%	81.80%	23.7
Private For-Profit	48	62.50%	60.00%	15.3
Undetermined	4	0.00%	-	-
Overall	230	56.50%	47.30%	17.7

Note: Differences by institution type are not statistically significant at the .05 level.

Ability to enroll in the courses they need when they need them. Also critically important to students we spoke with was access to the courses required for their degrees. Being shut out of oversubscribed courses was a frequent complaint we heard among focus group participants at public two- and four-year colleges. Given budget cutbacks at state-funded institutions, this complaint is not surprising, but it contrasts with the stories we heard from participants at private colleges—both for-profit and non-profit—who did not describe course access as a problem. The reasons for this discrepancy are not clear. It may be that the private institutions are more nimble in adjusting to course demand—e.g., by deploying adjunct instructors to open new course sections as needed (Turner, 2006). Or it may be that private institutions are already more likely to build excess capacity into their schedules. Alternatively, it may be an accident of the sample we drew.

What is clear is that because the Post-9/11 GI Bill offers up to 48 months of benefits, GI Bill benefits go farthest when students are able to enroll full-time each semester. When they are unable to fulfill course requirements during a semester, they are at risk of exhausting their benefits before completing undergraduate degrees.

Ability to attend the same institution in multiple states. A final reason some student veterans gave for choosing for-profit colleges was the advantage of being able to enroll in a national chain that offered locations in multiple states. For students who expected to relocate in the future, access to campuses in multiple states seemed to reduce the risk that they would need to transfer their credits to a different institution in the future, and to increase the potential that they would be able to graduate from the same institution in which they started.

Veterans' Experiences in For-Profit Colleges

Beyond veterans' reasons for choosing their colleges, the survey inquired about their experiences in their schools. Notably, survey respondents in for-profit institutions reported higher-than-average satisfaction rates with academic advising, at 67 percent, versus about 50 percent satisfaction among respondents at other institution types, as shown in Table 2. However, their reported satisfaction with their faculty members was slightly lower, at 63 percent, versus 67 percent overall. The reasons for these patterns are not entirely clear. As some students and institutional administrators reported to us, the for-profit institutions we visited were quite focused on academic advising, with advisors routinely calling students to check on their progress. In contrast, some evidence suggests that for-profit colleges spend less on faculty members than other higher education institutions, in part by employing fewer tenured faculty (Deming, Goldin, & Katz, 2011; Quintero, 2011).

Table 2. Percent of survey respondents finding each support source to be "quite helpful" or "extremely helpful" in pursuing their academic goals, by institution type

Institution Type	Professors in Classes (n=217 respondents)	Academic Advisor (n=205 respondents)
Public 2-Year	66.70%	50.00%
Public 4-Year	67.50%	47.80%
Private Nonprofit	71.40%	52.20%
Private For-Profit	63.00%	67.40%
Undetermined	100.00%	100.00%
Overall	67.30%	53.20%

Note: Differences by institution type are not statistically significant at the .05 level.

Return to a for-profit education. An important question the Subcommittee may be left with is whether these students, despite their deliberate rationales for choosing for-profit colleges, were nevertheless making choices that compromised their earning potential due to poor reputation of some of these schools. For instance, one recent study found higher unemployment rates (by 5 to 7 percentage points) and 8 to 9 percent lower earnings six years later among those who attended two-year and four-year for-profit colleges than among their counterparts from public and nonprofit institutions (Deming, Goldin, & Katz, 2011). However, the study used a methodology that may not have fully accounted for higher risk factors among students at for-profits. In contrast, a recent study that examined labor market returns to education from public versus for-profit two-year colleges suggested that the returns were similar. Controlling for unmeasured individual attributes by tracking individuals longitudinally before and after their postsecondary training, Cellini and Chaudhary (2011) found similar returns to a two-year degree among graduates of public and for-profit institutions, equal to about 8 percent per year of education. They also found similar returns, of about 6 percent per year of education, for those who attend two-year public or for-profit institutions but do not graduate.

It is also important to remember that the flexible schedules and openness to military credits that for-profit students described could potentially allow veterans to earn degrees more quickly than they would at other institutions, thereby at least partially offsetting any possible earnings penalty from attending a less-prestigious institution. Given that tuition differences between for-profit and other institutions would in most cases be negligible for students who qualified for full GI Bill benefits, together these findings suggest that GI Bill users enrolling in for-profit colleges may, at least in some cases, be economically justified in their choice to do so.

Implications for Consideration of Executive Order Executive Order 13607

This discussion is not intended to suggest that we found no room for improvement in the for-profit colleges we visited, or that our focus group and survey samples were nationally representative of colleges or students. In particular, for-profit colleges were the least likely of the institution types we visited to offer mental health services and veteran-specific resources. But our study does add nuance to the public understanding of military veterans in higher education, including their reasons for choosing for-profit colleges.

Our findings about students' experiences across sectors suggest that efforts to encourage high-quality educational programming should consider all sectors, especially regarding institutions' ability to meet the needs of military veterans and other non-traditional adult learners. In the ensuing discussion, I consider two particular strategies discussed in Executive Order 13607—increasing transparency of information about higher education institutions, and improving advising and support services for student veterans.

Increasing transparency of information about higher education institutions. Because veterans are discerning consumers, strategies to increase transparency about programs should be encouraged. Since the RAND Study was published on Veterans' Day 2010, the Department of Veterans Affairs has already made considerable improvements to its GI Bill website (gibill.va.gov). For instance, it now provides a link to a "Choosing a School" page, from which one can link to the Department of Education's College Navigator Website (nces.ed.gov/collegenavigator/). College Navigator, in turn, provides a comprehensive search tool with extensive institution-level information, including hundreds of variables, such as loan default rates and net price information by student income bracket, as well as a net price calculator for many institutions.

In other words, College Navigator already provides excellent transparency for higher education consumers who take time to review it. This potentially obviates the

need for some of the detailed information that the Executive Order requires institutions to provide to individual students as part of Section 2(a). This information includes items such as total price, total aid, and total debt burden the student can expect to accrue, since that information can be inferred to a large extent from the net price calculators on College Navigator.

However, I do have a few suggestions for how gibill.va.gov and nces.ed.gov/collegenavigator might be strengthened to offer even greater transparency to veterans:

- On gibill.va.gov, the link to the College Navigator is not identified as such. Instead, it currently looks like just a graphic or possibly an advertisement. The link should be labeled as College Navigator and defined as a Department of Education search tool for finding, comparing, and choosing among higher education institutions.
- A variable that College Navigator lacks that may be useful to add for veterans is information about GI Bill and Tuition Assistance usage rates/amounts at each institution. This recommendation is consistent with Section 3(c) of the Executive Order. Its benefit is that it would provide service members and veterans with at least some information about military enrollment rates across institutions.
- College Navigator's net price examples and calculators do not include military benefits, though they do include other types of federal aid under Title IV of the Higher Education Act. Through a collaboration with the Department of Veterans Affairs (and through guidelines to the institutions that post the calculators), it would likely be possible to build military benefits into both the net price examples and the institution-specific net price calculators.

The provision in Section 3(c) for additional reporting of student outcome information by institution and federal program using existing data from national datasets would also help to improve transparency, subject to caveats about the data being merely descriptive and reflecting the composition of students and academic majors at each institution. However, responsibility for this analysis and reporting would ideally be managed at the federal level rather than falling on the individual institutions, which are already facing sharp resource constraints in terms of veteran services and education services more broadly.

Improving advising and support services for student veterans. Provisions in Sections 2(g) and (h), calling for institutions to provide academic advising for veterans and a point of contact for such advising are consistent with areas that our data identified as important for meeting veterans' needs. However, two additional points about these provisions are worthy of consideration:

- Provision (g), which calls for detailed planning of how to meet graduation requirements on time, might be at least partially obviated for all students—not just veterans—if colleges were better able to meet students' enrollment demands in courses required for graduation. In our data, as noted above, access to required courses was described as a particular problem in public two-year and four-year institutions.
- Second, most institutions already provide a point of contact for veterans; it is typically the certifying official who confirms enrollment with the Department of Veterans Affairs. However, the level of knowledge and service that this individual provides varies dramatically among higher education institutions. Rather than requiring that a point of contact exist, it may be desirable to recognize or incentivize sustainable, cost-effective models of excellence in providing veteran transition services on campus.

The purpose of these recommendations is to assist the Subcommittee in considering whether and how to act on the provisions in Executive Order 13607. RAND is grateful to the Subcommittee for considering our research in your deliberations. We would be delighted to answer any follow-up questions that arise in response to this written testimony.

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STEVE L. GONZALEZ

Chairman Stutzman, Ranking Member Braley and distinguished Members of the Subcommittee:

Thank you for the opportunity in allowing The American Legion to submit for the record its views on Examining Executive Order #13607 and its Impact on Schools and Veterans.

Since the Post-9/11 Veterans Educational Assistance Program (Post-9/11 GI Bill) went into effect in August 2009, there has been dramatic growth in both the number of beneficiaries and benefit payments for study at post-secondary institutions. The Department of Veterans Affairs (VA) supports over 800,000 students through its education benefits programs, and the Department of Defense (DoD) aided almost 400,000 through its Military Tuition Assistance Program (TA).

As a result of rapid increases in the amount of VA GI Bill benefits and DOD TA funds going to for-profit post-secondary institutions, these institutions have brought a growing scrutiny from many veteran service organizations and policymakers who are dissatisfied with graduation rates, recruiting practices, transferability of credits, and lack of accountability. Higher education among student-veterans continues to increase during a time where the economic environment and job market is not favorable for transitioning veterans. Armed with better data, the theory goes, service members, veterans, and their family members will vote with their benefits, putting pressure on low-performing colleges to improve on their product while avoid attending bad actor post-secondary institutions. Unfortunately, some of these safeguards are not working nearly as well as intended.

To protect these student-veterans from post-secondary institutions predatory practices, President Obama signed Executive Order 13607, *Establishing Principles of Excellence for Education Institutions Serving Service Members, Veterans, Spouses, and Other Family Members*, on April 27, 2012. In short, the EO is designed to combat unscrupulous practices used by schools to gain access to the military/veteran education benefits. It protects the full range of military/veteran education benefits programs, including Post 9/11 GI Bill benefits, the DoD TA program, and Military Spouse Career Advancement Account (MyCAA). Its provisions focus on ensuring students have the proper information, support, and protections they need to make informed decisions about their educational options.

Even though the abuses are considered by many as isolated incidents, nevertheless, they are incidents of grave concern when post-secondary institutions take advantage of America's service members, veterans, and their families. As lawmakers look to be fiscally responsible with taxpayer's money, and when billions of taxpayer's money is spend at times on fraudulent and totally ineffective education programs, these incidents should be of great concern to all of us.

Here are the facts:

- For-profit institutions are not cheap—despite the lack of campuses or classrooms or counseling or even much personal interaction with faculty members. According to the Education Department, for-profits cost on average \$30,900 per year compared to public colleges at \$15,600 and private, non-profits at \$26,600.
- Taxpayer's money is being used to fund marketing ads to attract service members, veterans, and their family members at a higher rate.
- According to the Department of Education, 26 percent of all student loan money and 46 percent of all student loan dollars in default come from for-profit programs, despite the fact they account for just 12 percent of college students.

In a *New York Times*¹ article, attorneys general from more than 20 states banded together to investigate for-profit post-secondary institutions with fraudulent promises, crushing debt loans, going bankrupt while leaving the service members, veterans, and their family members with loads of debt and worthless credits and still on the hook with those outstanding loans; the actions of these institutions are just wrong.

These are just some of the facts that cannot be ignored anymore by policymakers. Service members, veterans, and their family members trying to improve their job prospects shouldn't be duped into taking on crushing debt in exchange for the promise of a future job that will probably never materialize. Taxpayers should not be stuck holding the bag when these bargains inevitably go bad.

However well intended the President's interest in oversight of Post-9/11 GI Bill and DOD TA programs is, there is some room for concern. First, its intent should not be limited to for-profit post-secondary institutions. Post-9/11 GI Bill and DOD TA funds to nonprofit post-secondary institution should also be a matter of concern as well. In the absence of shared definitions, common metrics, and clear standards for how and where information is reported and presented, even the most ambitious policies, as such Executive Order # 13607 is doomed not to achieve its ultimate goal – providing information to allow service members, veterans, and their family members to be savvy consumers when choosing a college or university.

Policymakers should recognize the need to educate prospective student-veterans and their families about the right questions they should be asking about the data points they should examine closely when choosing a college or university. Policymakers should also review and readdress creating data collections points in the federal Higher Education Opportunity Act (HEOA) when the law is under review for reauthorization.

While the outcomes and impacts of this executive order on post-secondary institutions and veterans cannot be evaluated until the full implementation of the order, this executive order is a step in the right direction. It is one portion of the overall effort in aiding decision-makers and encouraging prospective service members, veterans, and their family members to consider certain criteria as an important component of their college choice.

This is a predicament that should be a cross cutting issue of bipartisan concern; where bogus degrees are a symptom of crisis among our service members, veterans, and their families; and where even those who claim to be accredited are often worthless in the job market. There is a significant gap between the obligation and delivery of higher education, which, unless checked, will constrain our economic growth; risking and squandering this nation's competitive advantage—America's service members, veterans, and their family members. Regardless whether these issues are addressed through executive order or legislation, one thing is sure; we have a problem that needs to be addressed.

The American Legion appreciates the opportunity to present this statement for the record. Again, thank you Chairman Stutzman, Ranking Member Braley and distinguished Members of the Subcommittee for allowing The American Legion to present its views on these very important issues.

THEODORE (TED) L. DAYWALT

WRITTEN TESTIMONY

Good Afternoon. Chairman Stutzman, Ranking Member Braley, members and staff of the Subcommittee, and fellow veterans, I appreciate the opportunity to submit comments on Executive Order 13607 (EO 13607) and its impact on schools and veteran education.

EO 13607 mandates that schools provide information about the total cost of the educational program including amount of debt owed on any student loans after graduation; inform veterans about other forms of financial aid before advising them of private student loans; end fraudulent and unduly predatory recruiting techniques on and off military installations; obtain approval of the state accrediting agency for new courses prior to enrollment; allow service members to be readmitted if they had to suspend their attendance temporarily due to military service requirements; agree to a refund policy when veterans withdraw prior to course completion; provide a plan that details all the requirements needed for program completion and the time

¹“For-Profit Education Scams,” The New York Times, March 23, 2012, available at <http://www.nytimes.com/2012/03/24/opinion/for-profit-education-scams.html>

it will take to complete them; and designate a person(s) to provide counseling with regard to academics, financial aid, disabilities, and job searches.

I want to emphasize that not all for-profit schools are bad, but those that are bad, are VERY bad and unfortunately they negatively affect the good for-profit school programs. There is definitely a demand and a need for legitimate online for-profit schools.

Many of the organizations that are testifying before you today will rightly extol the benefits of EO 13607 as it is a good first step in the right direction. Rather than repeat what VFW, VVA, SVA and others are saying, I would like to focus on four issues that need to be included in the discussion.

1. Not all for-profit schools are bad

Many of the for-profit schools in the military education space have definitely stepped over the line, and in some cases, committed fraud, waste and outright theft. A recent Government Accounting Office investigation of for-profit schools found outright fraud and violations of law at all the schools examined, yet VA and DOD permit the schools to continue marketing to veterans, servicemembers and their families. Such a situation should not be allowed to continue.

EO 13607 does not distinguish between good and bad for-profit schools, which is why I prefer to use the term “predatory for-profit” schools when talking about those with egregious records. EDMC, parent company to Argosy University, The Art Institute, Mackey-Brown and South University, is currently under indictment from the Department of Justice for \$11,000,000,000 in fraud and deserves being referred to as a predatory for-profit school. Schools such as Western Governors University, University of Phoenix and American Military University do not currently engage in the egregious practices of EDMC and Kaplan. It would help veterans when looking at schools to know which schools are predatory for-profits and which are actually providing a legitimate education that can lead to gainful employment.

2. Accreditation Issues

Many of the for-profit schools cannot qualify for accreditation through traditional accrediting agencies such as SAC or the AACSB. So to claim “accreditation”, they created their own accrediting agencies, which are not recognized by other traditional brick and mortar schools or state departments of education. Not knowing any better, veterans were conned by the bad for-profit schools claims that they were accredited.

To learn more about the fake accrediting organizations offering accreditation, please visit <http://www.geteducated.com/diploma-mills-police/college-degree-mills/204-fake-agencies-for-college-accreditation>.

To learn more about legitimate school and college accrediting agencies, please visit <http://www2.ed.gov/admsn/finaid/accred/index.html>.

EO 13607 should have included a move to stop the predatory for-profit schools from using fake accreditation claims in their sales pitch to veterans needs to be taken.

3. Restoring GI Bill Eligibility

As you will hear from nearly all those testifying, veterans have had their GI Bill funds stolen and/or they have misled into obtaining worthless degrees that do not lead to gainful employment. At VetJobs we regularly encounter veterans who thought they would qualify for a job since they had a degree only to learn they are not qualified because the hiring entity or graduate school does not recognize their degree. The veterans were victims of fraud but now have no money with which to attend an institution of higher learning and obtain a degree that will lead to gainful employment.

As EO 13607 did not address this issue, Congress needs to redress this issue and provide mechanisms by which those veterans who were victims of fraud by the predatory for-profit schools can have their GI Bill eligibility restored. This can be done by recovering from the predatory for-profit schools funds to restore GI Bill eligibility to the veterans.

4. Incentives for legitimate schools

EO 13607 did not address how the traditional accredited educational institutions could increase their efforts to attract more veterans and servicemembers into their colleges and universities by offering more flexible education options to include online course work. If the traditional organizations offerings were marketed better to the veteran community, it would reduce the appeal of the predatory for-profit schools.

Congress needs to implement laws to stop the predatory practices of for-profit schools and institutions. Congress needs to enact legislation to enforce the Principles of Excellence as put forth in Executive Order #13607 for the benefit of our veterans, their families and our community.

Conclusion

In conclusion, I would have preferred the issues addressed by EO 13607 be handled by Congress enacting the appropriate legislation. But given this is an election year and political parties have been having problems working together to enact necessary legislation, EO 13607 is an appropriate move in the right direction. A presidential executive order does not have the impact that Congressional legislation would provide. Therefore I would support legislation that addresses the problem of predatory for-profit schools.

Higher education, congressional leaders, and government agencies need to work together to ensure that the GI Bill investment pays off in degrees with labor market value, such as those found in traditional graduate and professional schools.

Thank you for your time and consideration.

PATRICK BELLON, MPA

The economic opportunities of America's veterans are being threatened by bad actors in the for-profit education sector. After America's young men and women in uniform have finally come home and hung up their uniforms for the last time they expect and deserve the right to pursue happiness like any other American and to enjoy the benefits that come along with having devoted years of their lives to serving their country. An important part of that pursuit is the ability to obtain higher education using the GI Bill, a program that not only benefits veterans, but the nation as a whole. The GI Bill is not only a successful veteran's program; it is the most successful public education and employment program in American history.

Unfortunately, some are taking advantage of veterans and this successful program for their own profit in the name of greed. They mock the sacrifices of our men and women in uniform. Troops still in uniform and veterans at home find their mailboxes, inboxes, and social networking pages filled with paper and electronic advertisements by for-profit universities. All of them claim to have veterans' best interests at heart.

Unfortunately this is not true. The stories are becoming numerous, well known and difficult to explain away or excuse as isolated. For-profit recruiters sign up Marines who are being treated for brain injuries. Sailors are not being told that the classes they're working hard on and their benefits are paying for won't transfer to other schools. Soldiers are not informed that they're paying many times what the same program would cost at a local community college. Airmen are finding that the support they were promised by recruiters is not there. Veterans are finding out that industry won't recognize their qualifications and home town schools do no recognize the accreditation of their for-profit of choice. U.S. taxpayer dollars are lining the pockets of for-profit colleges rather than benefitting the veterans and servicemembers they're awarded to. This is unacceptable. Our veteran's futures must be protected.

Recently President Obama stood up to these bad actors and signed an Executive Order that goes a long way to begin to address the problem. The order will ensure troops get more information on costs, financial aid, graduation rates, support provided, and which colleges have agreed to cooperate. It will keep predatory recruiters off installations, prevent misleading advertisements using the term 'GI Bill', and orders further vigilance in acting against those for-profits that abuse or violate laws and regulations. The order is a leading step in the right direction. More needs to be done. Veterans and those still serving continue to be preyed upon by for-profit universities. While the EO is a much needed step in the right direction and should be supported by everyone who has veterans best interest's at heart it is far from being enough. We need new laws to protect our veteran's economic opportunities, so that they can make the best choices for their future and not be taken advantage of as a profit center.

Congress needs to take the lead by implementing measures to stop predatory practices by for profits. This is not political, it is not about free enterprise, it is about right and wrong.

Ideal legislation would address the following issues, only comprehensive reforms can protect our brave men and women. For-profits should not be allowed to use taxpayer funds for marketing essentially using taxpayer money to procure more taxpayer money by ripping off veterans. Veterans and service members must be informed in clear language about the transferability, industry recognition, and accreditation and graduation rates for the programs they're considering undertaking. They must be fully informed of all the costs associated with programs. A mechanism should be made available with which troops and veterans can compare

these various qualitative and quantitative measures side-by-side with other programs to make a fully informed decision on where to direct their hard-earned benefits. For-profits granting degrees should be subject to the same standards as established for Title IV schools. Finally, the target should be removed from service members and veterans backs by immediately changing the so-called '90/10' rule. This ridiculous rule should be altered to include VA education and DOD benefits alongside DoE benefits in the cap on for-profit colleges receiving federal funds.

For-profits are taking advantage of our service members and veterans by misleading them, providing them an inferior product, lining their own pockets with taxpayer dollars, subverting the goal of the GI Bill and military Tuition Assistance for veterans and servicemembers, and depriving American society as a whole of the follow-on benefits of furthering the education of those who served. Congress must take action to ensure our veterans, in uniform and out, are not being taken advantage up for the sake of profit. This exploitation hurts our veterans and our society and must be stopped now.

For Further Questions Please Contact Veterans For Common Sense Executive Director Patrick Bellon at (202) 558-4553 or Patrick@veteransforcommonsense.org

HEATHER L. ANSLEY, ESQ., MSW

May 14, 2012

The Honorable Marlin Stutzman
Chairman
House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC 20515

The Honorable Bruce Braley
Ranking Member
House Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
Washington, DC 20515

Dear Chairman Stutzman and Ranking Member Braley:

VetsFirst, a program of United Spinal Association, respectfully requests to submit this letter for the record of the May 16, 2012, House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity hearing, "Examining Executive Order #13607 and Its Impact on Schools and Veterans."

Educational benefits are critical for helping disabled veterans reintegrate into their communities. Thus, every effort must be made to ensure that veterans who receive educational assistance due to their military service are not preyed upon but are provided both the education and supportive assistance they need to succeed. Disabled veterans must also have access to the information they need to make an informed decision in selecting an institution of higher learning.

As a result, VetsFirst strongly supports the requirements detailed in Executive Order #13607, "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members," which was signed by President Obama on April 27, 2012. This Executive Order includes many of the provisions of the veterans and military service organization developed "Military and Veteran Students Educational Bill of Rights." Although the Executive Order does not fully address our concerns, it represents an important first step in ensuring the continued integrity of these benefits.

If you have any questions, please contact Heather Ansley, Vice President of Veterans Policy, at (202) 556-2076, ext. 7702 or by e-mail at hansley@vetsfirst.org.

Sincerely,

Heather L. Ansley, Esq., MSW
Vice President of Veterans Policy
VetsFirst, a program of United Spinal Association

Enclosure

PARALYZED VETERANS OF AMERICA

Chairman Stuzman, Ranking Member McNERNEY, and members of the Subcommittee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to submit a statement for the record regarding Executive Order #13607 announced by the President recently. This executive order is meant to address concerns that have been raised about the actions of certain schools towards veterans who are eligible, and use, Post-9/11 GI Bill benefits. PVA appreciates the fact that you have chosen to further examine the specifics of the executive order to ensure that the veterans are able to take advantage of the best education opportunities available.

Paralyzed Veterans of America (PVA) is pleased to support the Executive Order issued by President Obama in April to protect veterans and military service members from unethical recruiting and marketing practices on the part of certain schools and colleges. Our support for the executive order is consistent with similar positions addressed in The Independent Budget for FY 2013 co-authored by PVA, AMVETS, Disabled American Veterans, and Veterans of Foreign Wars.

This executive order is, in many respects, consistent with the Military and Veteran Students Educational Bill of Rights agreed to last year by PVA and other veterans and military service organizations. The goal of the Executive Order is to:

- Provide students with educational and financial information to make informed decisions.
- End fraudulent and aggressive recruiting techniques on and off military installations.
- Ensure support services for service-members and veterans.
- Develop and collect service member- and veteran-specific student outcome data.
- Create a centralized complaint system for students receiving military and veterans' educational benefits.
- Begin the process to trademark the term "GI Bill."

A quality education is the essential first step for those who aspire to a life of productive employment and making positive contributions to their communities and society. Veterans have already served their country honorably and deserve the strongest support in making the transition to civilian life. It is very troubling that some for-profit schools and colleges with poor track records of serving students have been taking advantage of the assistance provided to military service members and veterans through deceptive sales techniques and promised outcomes that don't reflect the reality of their performance. This is particularly disturbing because so much of the income derived by these schools comes from taxpayer dollars in the form of federal student financial assistance and GI Bill and military transition assistance payments.

Indeed, according to 2009 data obtained by Congress from fifteen publicly-traded for-profit education companies, 86 percent of their revenues came from federal taxpayer dollars. Eight of the ten top school recipients of GI Bill benefits are for-profit higher education companies. Yet, analyses of filings from the Securities Exchange Commission and documents from many of these schools themselves show most of the federal monies are devoted to marketing and profit margins, not education.

Data from the Department of Veterans Affairs indicate that the average cost per veteran at public non-profit institutions of higher learning is \$4874 compared to \$10,875 at for-profit schools. Faced with significantly higher costs, students are compelled to take out loans from these for-profit schools to complete their education. The U.S. Department of Education reports that these schools account for almost half of all student loan defaults. Moreover, many students fail to complete their course of study at these schools. Ten of the highest withdrawal rates for Associate Degree students enrolling in 2008–2009 were found at schools run by for-profit education companies.

Because of anomalies in current law, GI Bill and military transition assistance benefits are particularly valuable to for-profit education companies. Some of these institutions aggressively solicit veterans with combat stress-related impairments, severe traumatic brain injuries or other physical disabilities. They do not disclose their graduation or withdrawal rates, post-employment outcomes for graduates or transferability of credits to other educational institutions. Once these veterans are enrolled, the schools fail to provide them with adequate academic support and counseling or other accommodations to enable them to complete their education.

The executive order addresses many of the most egregious abuses to which veterans and military service members have been subjected and PVA looks forward to

examining the plans that the Departments of Education, Defense and Veterans Affairs must put in place to implement its directives. More can still be done to make sure veterans, members of the military and their families as well as U. S. taxpayers are getting a proper return on their investments in higher education. However, this is a great step in the right direction.

Once again, PVA would like to thank you for the opportunity to comment on the executive order. We appreciate the strong focus that the Subcommittee has placed on expanding opportunities for success of veterans in education, the workforce, and the business community. We look forward to continuing to work with you to ensure that veterans realize the best outcomes in their education endeavors.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2012

No federal grants or contracts received.

Fiscal Year 2011

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation—National Veterans Legal Services Program— \$262,787.

Fiscal Year 2010

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation—National Veterans Legal Services Program— \$287,992.

MILITARY OFFICERS ASSOCIATION OF AMERICA

CHAIRMAN STUTZMAN, RANKING MEMBER BRALEY, DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE, the Military Officers Association of America (MOAA) representing 375,000 current, retired and former officers of the seven Uniformed Services and the surviving spouses of deceased members is pleased to submit testimony for the official record of this hearing.

MOAA does not receive any grants or contracts from the federal government.

Background

The purpose of this hearing is to examine the impact of Executive Order # 13607 on post-secondary educational institutions (schools) and veterans.

President Obama issued the Executive Order—Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses and Other Family Members – to ensure that military members, their eligible family members and veterans have the information they need to make informed decisions regarding government-provided military tuition assistance, ‘My Career Advancement Account’ (MyCAA) educational stipends and veterans’ educational benefits. The intended outcome of the Executive Order is to develop principles of excellence to strengthen oversight, enforcement and accountability of these benefit programs.

MOAA and other service organizations closely collaborated earlier this year on a series of recommendations we called a “GI Bill of Rights” to accomplish some of the objectives set out in the Executive Order. The GI Bill of Rights was submitted to the Administration for consideration in developing a coordinated, interagency approach to improving oversight and outcomes under military and tuition assistance programs. MOAA, therefore, supports the Executive Order as an important first step in the development and execution of an interagency plan to improve the oversight of generous educational resources provided for our nation’s warriors, their family members and veterans.

The thrust of the “GI Bill of Rights” is to ensure that all post-secondary schools – public, private and proprietary – meet the highest standards of transparency, quality and measurable outcomes. In short, all schools should be able to demonstrate a reasonable return on the enormous investment in the future of our fighting women and men, their families and veterans.

The Need

The Post-9/11 GI Bill authorized under Chapter 33 of 38 U.S. Code is the most generous educational assistance program since the great World War II GI Bill.

The VA has made nearly 700,000 payments to colleges, universities and training programs on behalf of veterans, active duty service men and women and dependents who have received transferred benefits.

But a year-long Senate investigation detailed troubling trends in GI Bill outcomes and oversight:

- 33% of new GI Bill payments went to For Profit colleges, which trained only 25% of enrolled veterans in 2009 – 2010, the first year under the new program
- 8 of the top 10 recipients of Chapter 33 funds were For Profit colleges
- The government spends more than twice as much per veteran at For-Profit colleges compared to public not-for-profit colleges
- Recruiting expenditures at certain For Profit schools far exceed student services for veterans, which in some cases do not exist
- The Attorney General and multiple states have brought suit against certain For Profit schools for misrepresentation, recruiting abuses, inflated job placements and other deceptive practices.

Recommendations

In testimony before a joint House and Senate Veterans Affairs Committee hearing on March 22, MOAA presented the Committees the following recommendations for improving GI Bill oversight, transparency and outcomes:

- *Direct the Department of Veterans Affairs to work with the Department of Education to create an online “dashboard” so that prospective GI Bill users can more easily compare costs, credit and transfer policies, outcomes and graduation rates and related consumer-friendly information about colleges in all sectors.*
- *Further expand the VA’s on-campus VetSuccess program beyond the 80 campus, \$8.8 million program requested in the Administration’s budget request for FY 2013.*
- *Amend the educational counseling provisions in Chapter 36, 38 U.S. Code to mandate such counseling via appropriate means, including modern technologies, and permit veterans to “opt out”. It will be necessary to raise the \$6 million cap in the counseling provision to meet the enormous demand of new GI Bill enrollments.*
- *Establish a centralized complaint reporting and resolution process for veterans using GI Bill entitlement.*
- *Require that all programs receiving funding under the GI Bill be “Title IV” eligible; in other words, all post-secondary programs would have to meet Dept. of Education standards for accreditation and other requirements.*
- *Support legislation to account for all Federal educational assistance funding under the Title IV category. Changing the so-called “90/10” rule would compel all colleges and universities to demonstrate that their product is valuable enough to attract private sector students to pay for the education offered.*
- *Trademark the term “GI Bill” so that the Dept. of the VA can control the use of that term for GI Bill-related websites and deter other promotional media that present themselves as quasi-governmental sources of information on the GI Bill.*

A number of these recommendations have been incorporated into the Executive Order. Comment and perspective on the recommendations above that relate to the EO follow.

1. *Online “Dashboard.”* Section 2(a) and Section 3(c) of EO 13607. The Department of Education recently developed the “College Navigator” website to provide relevant information to prospective students, parents and others to support decision-making on college selection. The EO essentially directs a further refinement of the online tool so that military students and veterans can more easily compare school costs, accreditation, graduation, drop-out rates, and other features. College Navigator is a very useful first step in that direction. MOAA stated at the March 22 joint hearing that an upgraded online tool or “dashboard” would be akin to an “online shopping tool like the Amazon website” to facilitate making informed choices about college. (Section 2

2. *Complaint Resolution Process.* Section 4 of the EO, Strengthening Enforcement and Compliance Measures. Student veterans and returning warriors from the Iraq and Afghanistan conflicts strongly support the need for a closed-loop complaint resolution process. Most of the interactions between the VA and schools concern enrollment certification, payment and recoupment actions – administrative activities, for the most part. Student veterans, however, need a reliable channel of communication to report alleged improprieties in program quality, fraud, misrepresentation and related concerns to protect them, the government’s interest and the nation’s investment in their futures.

Section 4(b). The State Approving Agencies (SAAs) may be the right vehicle for this purpose. But the recent change in the SAAs' mission and reporting chain—placing them under the VA Education Service and essentially making them an investigative body—were done with no additional training resources or guidance, as far as we know, on how they were to accomplish the new mission. We note that there were no hearings held prior to changing the SAAs mission. In informal discussions with SAAs it appears that some are still operating as advisors to schools and veterans while others are trying to function as “IGs”. MOAA believes there is a need for Congressional hearings to examine how best to use the SAAs going forward.

3. *Educational and Financial Advice.* Sections 2(g), (h). The EO requires schools that receive Federal military and veterans educational benefits to provide an “educational plan” on how these students will fulfill graduation requirements. The EO also expects schools to designate a point of contact for academic and financial advising, including access to disability counseling for service members, military family members and student veterans.

MOAA believes that veteran support services, other than academic counseling, should be provided by the VA. Schools themselves that have a threshold number of student veterans and military students should be provided additional resources as may be needed for purely academic advice and planning assistance. Our understanding is that most if not all campus-based educational programs already provide academic program assistance via faculty advisors and registrars for all students. And, a growing number of colleges and universities have established their own veteran centers on campus; e.g., Mississippi State University and Florida State University. Coupled with Student Veterans of America chapters on campuses, MOAA believes tailored support services for student veterans and military family members can help foster successful outcomes under GI Bill and military tuition assistance programs.

In MOAA's testimony on 22 March, the Association recommended expansion of the VA's VetSuccess program on campuses over and above the target of 80 campuses (from about 20 currently), as requested in the Administration's budget request for fiscal year 2013. We believe the VetSuccess program can provide value-added support *primarily for non-educational* VA-sponsored services for our student veterans: enrollment in VA health care, behavioral counseling, referral to Vets Centers and application for service-connected disabilities.

The EO directs an Interagency approach to educational planning for military students and veterans. In that regard, MOAA continues to recommend mandating the educational counseling provisions in Chapter 36, 38 U.S. Code for delivery by appropriate means, including modern technologies. Veterans should be permitted to opt out. The current \$6 million statutory cap for such counseling is inadequate to the rising demand. Schools may need additional resources to carry out the EO directive, but it is unlikely that any new funds would be provided in this environment.

4. *Trademark “GI Bill.”* Section 4(f) of the EO directs the Interagency to take all appropriate steps to ensure that websites and programs are not deceptively and fraudulently marketing educational services and benefits to program beneficiaries by trade marking the term “GI Bill” and other terms military or veterans-related terms. Trade marking “GI Bill” would set in motion a process for purveyors of information about the new GI Bill and other military tuition assistance programs would be required to obtain a license or other release to use with the program. MOAA strongly endorses this action.

Conclusion. The underlying intent of Executive Order 13607 is to ensure that all schools meet the same standards of transparency regarding information about programs, costs, accreditation and other factors. All schools – public, private and proprietary – should play by the same set of rules. It is in our nation's best interest to provide the military community, veterans, educational and political leaders, and the general public reasonable assurance that the generous investment in the futures of those who have given so much will yield great dividends for them and the country.

MOAA strongly supports the issuance of Executive Order 13607 and urges additional action to strengthen the support of military and student veterans in their pursuit of their educational goals.