

**H.R. 561, H.R. 716, H.R. 1615, H.R. 2227, H.R.
2618, H.R. 2924, AND DISCUSSION DRAFTS
PENDING LEGISLATION**

HEARING

BEFORE THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
OF THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
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Wednesday July 17, 2019

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

The Subcommittee met, pursuant to notice, at 10:03 a.m., in Room 210, House Visitors Center, Hon. Mike Levin [Chairman of the Subcommittee] presiding.

Present: Representatives Levin, Rice, Brindisi, Pappas, Luria, Lee, Cunningham, Bilirakis, Bergman, Banks, Barr, and Meuser.

OPENING STATEMENT OF MIKE LEVIN, CHAIRMAN

Mr. LEVIN. Good morning. I call this legislative hearing to order. I request unanimous consent that the chair is authorized to declare a recess at any time. Hearing no objection, so ordered.

I want to welcome everyone to today's Subcommittee on Economic Opportunity hearing, where we are reviewing 18 pieces of legislation within the scope of our jurisdiction. I am proud to say that the vast majority of these proposals are bipartisan in nature, something I consider a hallmark of this Committee, and I think the Ranking Member would agree.

Title 38 GI Bill education benefits are the subject of nine of the bills we have before us. This includes a draft from Chairman Takano and myself to finally close the 90/10 loophole. Under the current 90/10 Rule, Title 4 students have additional protections that student veterans are not afforded. This loophole makes veterans a target for low quality institutions that are unable to attract non-federal sources of funding.

These institutions often use deceptive marketing techniques and are financially unstable, placing veterans at risk of losing their invested time, effort, and benefits due to a closure. In our recent hearings on this issue, VA has claimed that they lack the authority to crack down on these predatory institutions. This bill, and others we will consider today, not only provide that authority but a mandate for the VA to act.

I look forward to discussing these measures today in our shared interest of protecting student veterans. We are also considering five bills dealing with housing and homelessness, issues which are crucial in my district, which I am eager to address. In fact, we are going to have a field hearing in August in my district on Housing Our Heroes, and I hope everybody comes. Excellent.

One of the bills is my legislation, the Housing for Women Veterans Act, which would require that at least \$20 million each year under the supportive services for veteran family's program go to organizations with a focus on helping women veterans. It also requires the VA to analyze and report to Congress on the areas in which its homelessness programs are shortchanging women.

At our hearing last week on the economic well-being of women veterans, we learned about the unique challenges that homeless women veterans face. They are the fastest growing population of homeless individuals, having more than doubled since 2006. Just unacceptable. And this bill will better address their needs.

Lastly, we have two bills to update the Service Member Civil Relief Act, and two bills improving small business programs for our Nation's veterans. There is no question that this is an ambitious hearing, covering many important issues. I appreciate the hard work of every Member of this Subcommittee. And the staff, thank you to our great staff, who have assisted in getting these bills ready for review, and thank you for working in a bipartisan manner to get that done as well.

And I would like to also thank the witnesses that are here today for their testimony and for their expertise. I am hopeful that our work today will lead to many of these bills being passed into law. With that, I would like to recognize my friend, the Ranking Member Mr. Bilirakis for 5 minutes for any opening remarks he may wish to make.

**OPENING STATEMENT OF GUS M. BILIRAKIS, RANKING
MEMBER**

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it. And thank you for continuing the bipartisan tradition of this Subcommittee by bringing up the 18 bills before us today. We really appreciate it very much.

While 18 bills in one hearing is a lot, I do appreciate the efforts to continue this Subcommittee's tradition of productivity. And maybe it will rub off on some of the other Committees.

While I am supportive of most of the bills on today's agenda, I am concerned that several of the draft education bills may have unintended consequences. We have the same goal and we will get it right.

The draft bills that would require a GI Bill eligible school to obtain letters of credit comply with an expanded 90/10 rule, and comply with program integrity rules, needlessly imposes partisan ideas that would limit a veteran's choice on how to use their earned benefit to our bipartisan Subcommittee.

We can agree or disagree if these changes are necessary, but we should agree that VA is not currently equipped to implement, and I want to hear obviously from the VA, to implement these types of rules that are duplicative in some cases of the rules in place for schools to be approved to receive Federal student aid through Title 4. And this is why we have the hearings, to make the bills even better, the drafts even better.

I understand the Chairman's desire to improve oversight over all schools, and I appreciate that very much, and I share that desire. But I do believe that my bill on the agenda, the Student Veteran

Empowerment Act, is the more balanced approach. Of course I would be. I would feel that way.

As I outlined at our hearing on school closures, the two main provisions in this bill not only stress oversight over all poor performing schools before they closed, but also provide full restoration of entitlements to students who are affected by a closure. More importantly, my bill would require that an accredited school or program to be eligible for the GI Bill, it must also be eligible to receive Federal student aid through Title 4.

By using this approach, we can avoid duplication of regulation and utilize the expertise of the Department of Education to implement many of the same rules and regulations being discussed today. I believe my approach gets us to the same place the Chairman wants to go, but also keeps partisan ideas out of the GI Bill, and I don't feel he has any partisan ideas. They are not all his bills. But the fate of the 90/10 rule, letters of credit, and program integrity rules belong to the Education and Labor Subcommittee, in my opinion.

Before yielding back, I want to express my support for two other draft bills on the agenda today. The first is my draft bill that would eliminate the living stipend disparity between the full time post-9/11 GI Bill students going to school entirely online versus those going to a traditional brick and mortar institution. And I have had round tables in my district. I have asked veterans up here to come to my office, and they think this is a big issue. So I think it must be addressed.

Current law requires that online students only receive half of the national average of living stipend payments, but my bill does need work, and I am going to talk about that. The landscape of higher education is changing, especially for non-traditional students like student veterans, and the living stipend payments to students should reflect that change. I know that several of our witnesses have made the excellent suggestion to amend this bill to simply increase the payment to the full national average of the BAH payments.

This would help ensure that participants don't game the system, not that veterans will, but in other words, we have got to make sure that, you know, they get the proper cost of living increase. But again, we don't want people to game the system by choosing online schools located in parts of the country with high costs of living, such as maybe Manhattan.

I appreciate the suggestion and intend to make that change before introducing this bill. The final draft I would like to speak about today would modify when a servicemember must elect to make payments to be eligible for the Montgomery GI Bill. Current law requires that servicemembers make this decision on whether to enroll into this program and begin paying \$100 a month for 12 months within the first 2 weeks of their enrollment.

Several of today's witnesses correctly point out that this decision comes in the middle of basic training or boot camp, and many servicemembers are not appropriately educated on pros and cons of enrolling this program—in enrolling this program, again compared to the post-11 GI Bill.

Mr. Chairman, we know that most servicemembers use the post-9/11 GI Bill and it more than likely is a better choice and does not require any payment by the servicemember to be eligible. That is key.

The draft bill would simply delay the requirement to make this decision by 6 months. I feel that is reasonable. This would mean that when this decision is being made, more servicemembers have completed initial training, completed their MOS training, and are likely serving at their first duty station.

I believe this approach will help servicemembers make the right decision. When this bill is introduced, we may also include a provision to prohibit new enrollments in the Montgomery GI Bill, beginning the fiscal year 2029. We must never forget the service of Sonny Montgomery. He did an outstanding job for many years in this Committee as a Chairman.

This change would reflect the fact that fewer and fewer student veterans are using this program. It is time to sunset this benefit and have—again, just one GI program on the books. I look forward to discussing all of the bills before us today, as well as hearing from our distinguished witnesses. With that, I yield back, Mr. Chairman. Sorry for taking so much time.

Mr. LEVIN. Not at all. Thank you, Mr. Ranking Member. I appreciate your thoughtful remarks. We have two great panels today. I want to thank each of our witnesses for appearing and look forward to your testimony and learning from your expertise. As you know, you will have 5 minutes, but your full statement will be added to the record.

On our first panel, we are joined by Ms. Charmain Bogue, Executive Director of the Education Service at the Veterans Benefits Administration. Thank you for being here. She is accompanied by Mr. Jeffrey London, Executive Director of VBA's Loan Guaranty Service. Mr. David Carroll, Executive Director of Mental Health Operations at the Veterans Health Administration. Thank you, sir. And Mr. Sean Clark, National Director of Veterans Justice Programs at VHA. Thank you for being here.

Ms. Bogue, you are now recognized to present your statement.

STATEMENT OF CHARMAIN BOGUE

Ms. BOGUE. Good afternoon, Mr. Chairman, Ranking Member Bilirakis, and other Members of the Subcommittee. I appreciate the opportunity to be here today to provide the VA's views on pending legislation that would affect VA programs and services.

Accompanying me today are Jeffrey London, director of Loan Guarantee Service, VHA colleagues David Carroll, director of Mental Health Operations, and Sean Clark, national director of Veterans Justice Programs.

Because of the timing of receipt, we will not—

Mr. LEVIN. Ms. Bogue, could you speak in the microphone? I am so sorry. I just want to make sure your comments are caught for the record.

Ms. BOGUE. Okay.

Mr. LEVIN. Thank you.

Ms. BOGUE. Is that much better?

Mr. LEVIN. Much better.

Ms. BOGUE. Awesome. Because of the timing of receipt, we will not be able to provide views on all the bills, but we will provide the remaining views in a follow-up letter to the Committee.

The proposed 90/10 bill would prohibit the approval of a course of education offered by a for-profit educational institution if the school does not receive at least 10 percent of revenues from sources other than Federal funds. As written, we have significant concerns regarding the implementation and administration of the requirements. Based on preliminary research, we identified 133 schools that would be potentially affected by closing the 90/10 loophole, which in turn would immediately impact approximately 60,000 students.

Also, it is unclear if the intent of this proposal is to replace VA's existing 85/15 rule or supplement the 85/15 rule. We would be happy to work with the Subcommittee to address the department's concerns.

The proposed Forever GI Bill Class Evaluation Act, which prohibits VA from making the lump sum payment for tuition and fees prior to 14 days after the start of the term. While VA supports the intent of the proposed legislation, we cannot support this bill due to the potential impact on GI Bill beneficiaries.

Although this change could possibly decrease some overpayments and debts owed to VA, we believe such legislation would inadvertently shift the tuition and fee debt to the student, and certain schools would still require payment for the period of enrollment.

The proposed Principles of Excellence bill would require disapproval of courses at any educational institution that does not agree to or fail to abide by the principles set forth in executive order 13607. While VA supports the intent of this legislation, VA cannot support this bill to our concerns with the potential impact under degree programs at public IHLs and other programs, such as on the job training and apprenticeship programs that are currently exempt.

Currently, there are more than 6,400 IHLs eligible to participate in the POE. Of those, approximately 4,200, representing approximately 700,000 GI Bill beneficiaries have signed a POE agreement today.

The proposed State Approving Agency Outreach Bill would authorize SAAs to perform outreach activities. No additional money would be appropriated to perform these outreach activities.

VA supports the intent of the proposed legislation; however, it is not necessary, as the SAAs already have statutory authority to perform outreach activities. For example, authorized outreach activities include job fairs, state military ceremonies, and student veteran related events. We would be happy to work with the Committee to strengthen our partnership with SAAs and the process by which SAAs approve programs.

VA supports H.R. 716, if amended. Each year, the CHALENG survey consistently reveals that many of the top ten unmet needs among homeless veterans are legal needs. The Legal Services for Homeless Veterans Act would require VA to make grants or enter into a cooperative agreement to eligible entities that provide legal services to homeless veterans or at risk veterans for homelessness.

We note that H.R. 716 and this draft bill both address the same issues, but in a slightly different way. VA prefers H.R. 716 and recommends that the Committee advance that bill, if it chooses to assist homeless and at risk veterans.

The proposed Economic Hardship Report Act would require VA to support Congress within one year of enactment, a report of the economic factors that contribute to veteran suicides. We fully support the principles and intended results of this bill. VA already has the authority to provide information to Congress, or conduct research studies. So the bill provided would provide no new authority in that regard.

While VA suggests several technical amendments to the draft bill that would provide express authority for the secretary to collect overpayments made in connection with special adapted housing, or SAH grants, VA supports the bill.

Mr. Chairman, this concludes my statement. Thank you for the opportunity to present our views on the pending legislation. We would be pleased to answer any questions you or the Members of the Committee may have for us.

[THE PREPARED STATEMENT OF CHARMAIN BOGUE APPEARS IN THE APPENDIX]

Mr. LEVIN. Thank you, Ms. Bogue. I now recognize myself for 5 minutes to begin the question portion of the hearing. Ms. Bogue, as I mentioned in my opening statement, one of the bills we are considering would close the 90/10 loophole as it relates to GI Bill benefits. This is a big concern in the area that I represent in San Diego, as I know it is throughout the country.

In your testimony, you expressed concern with applying this rule equally to training programs that don't have traditional fee or classroom structures. How would you suggest adjusting the rule to reflect these differences without giving such institutions their own loophole?

Ms. BOGUE. We would be happy to talk more about that, but I believe there should be a waiver criteria in there, similar to 85/15. There are certain schools that they don't meet that requirement, and they are in a specialized area of the Nation. They are only offering that program. It is a high quality program. And we are able to at least grant a waiver.

In this proposed legislation right now, there is no waiver authority associated with the 90/10 rule.

Mr. LEVIN. Appreciate that. You also expressed concern with disrupting the education of students who are currently enrolled in programs that would be non-compliant. I think you said 133 schools. How would you suggest phasing in the requirements, assuming we were able to move forward with closing the loophole, to address that situation?

Ms. BOGUE. So there are two avenues we would suggest. One is not an immediate disapproval of those programs, but to provide some type of window of maybe 30 or 60 days from that particular angle. That would be helpful to be able to notify students of what is coming down the path, or to allow schools to remedy the particular issue at hand.

And then the other piece of that is maybe you focus on just new enrollments coming in the door versus current students who are attending that program, so we don't disrupt their programs.

Mr. LEVIN. I appreciate that. I think we want to avoid unintended consequences. What I would love to do is take you up on your offer and we can work with Committee staff and the relevant experts in the field that we have back home in my district, and in other parts of the country. We have got to address this issue and we have got to come to some common ground and get to a place where we don't have those unintended consequences, or we do the best we can to mitigate them. But we have got to move forward, I believe, to close this loophole.

Executive order 13607, that you mentioned, established principles of excellence to reign in some of the most abusive practices that target student veterans. I understand that to date, a number of high quality institutions have not agreed to principles of excellence. And as you noted in your testimony, many public universities do not directly control their tuition charges, so are unable to accurately inform students of these costs' years in advance, as the principles require.

Do you believe that this is the primary reason that high quality institutions decline to participate in the program, or are there other provisions that you think are impractical?

Ms. BOGUE. The primary reason is the commitment to the tuition and fee piece. For the public IHLs, they are not in control of that and you have different boards or state processes that they have to go through in order to get that approval. So we know for a fact that is the number one reason for schools not signing on to the principles of excellence.

Mr. LEVIN. Appreciate that. Well, we have the luxury of being able to have enough time to ask you some more questions. Something we don't often have.

To any Member of the panel, on the VA Economic Hardship Report Act, can anyone discuss the level of insight we are currently at in regard to the ties between economic issues like housing insecurity, food insecurity, or underemployment in poverty on veteran suicide. And as a follow-up, what level of understanding do we need to be at and are we moving in the right direction with this bill?

Mr. CARROLL. Mr. Chairman, I would be happy to address that question. Thank you. We need as much information as we can get to understand what the circumstances are that lead to death by suicide among veterans in this country. And we are very interested in the principles that are in the Economic Hardship Act.

What we know from the research, and we can provide some additional follow-up information about what we are sponsoring in terms of VA and in terms of research. We know that economic factors are often part of a constellation of factors, but they are not the only factors. And as DAV noted in their written testimony, it is important that we not just look at individual factors on a one-off basis, but we need to really look at the whole constellation of factors.

DAV provided what I thought was a great example. In their written testimony, they noted the fact that there may be economic factors involved in someone's life that could be one of the precipitating

factors. But maybe those are caused by untreated mental health conditions, or an untreated substance use disorder, or a readjustment issue.

And I think when we study risk factors for suicide and protective factors, we really need to look at everything at the same time so we can make sure that we are understanding what is going on.

Mr. LEVIN. Thank you, Mr. Carroll. I appreciate your answers and your willingness to work with us as we address the issues that you see in these bills. And we will get it right and we will hopefully be able to move forward with consensus.

With that, I would like to recognize the Ranking Member, Mr. Bilirakis, for 5 minutes.

Mr. BILIRAKIS. Thank you very much. I appreciate it, Mr. Chairman.

Ms. Bogue, while I know this is not within your control, when should the Subcommittee expect to receive the Department's views on the remaining bills on today's agenda that impact VA? I asked, as the Subcommittee has not received views on all of the bills that were under consideration at the Full Committee legislative hearing on June 20th. So if you can give us an idea of when we are going to receive those views, I would appreciate that. Thank you.

Ms. BOGUE. Thank you for that question. So we are actually working through that, through the process right now. I expect shortly after this hearing, within the next 30 days, you will receive our position on those particular bills that we were unable to talk about today.

Mr. BILIRAKIS. Okay. All right. I will move on. A question for Ms. Bogue again. Many of the bills on today's agenda seemingly duplicate some of the rules and regulations in place for a school to be eligible to receive Federal student aid through Title 4. And I know you touched on this. Do you agree that it would be simpler to just require academic programs to be eligible for the Title 4 funds in order to be eligible for the GI Bill?

Ms. BOGUE. There is some concerns there with just limiting it to Title 4 because we have on the job training programs, as well as apprenticeship programs, that don't fall under new Title 4 that are eligible for the GI Bill program.

Mr. BILIRAKIS. Yes. How about academic programs?

Ms. BOGUE. Well, in terms of IHL programs? Is that what you are referring to?

Mr. BILIRAKIS. Yes. Yes, that is right. Yes.

Ms. BOGUE. Okay. Yes. We do think there should be alignment in terms of IHL programs with Title 4, yes.

Mr. BILIRAKIS. Okay. Next question for you again. What is your view of the Principles of Excellence Bill, including regulations that are outside of VA's control and could effectively eliminate the GI Bill benefits for accredited courses?

Ms. BOGUE. I will tell you, that was our biggest concern with that bill is the impact to non-college degree and OJT apprenticeship programs. So we really want to, if something like that is passed, to really take a look at how do we exclude those kinds of programs from this particular bill.

In addition, it just references the principles of excellence. So we think that there is key pieces within the principles of excellence

that could be codified, and we should look at that and include that in the bill, versus an overall general statement of referencing the executive order.

Mr. BILIRAKIS. Okay. Again, I know you brought this up in your testimony, but I want to expand on that. Do you believe that the VA is currently properly equipped or staffed to implement regulations related to the 90/10 rule or a rule requiring that all schools provide letters of credit?

Ms. BOGUE. We do express concerns with that in terms of that work will heavily fall into our state approving agencies. And we have had conversations with the state approving agencies about that. And we think that there are some items there that need to be addressed of leveraging synergies at Department of Education to alleviate some of that burden for VA to take on this new effort.

Mr. BILIRAKIS. Thank you. I share your concern about the need for the SAAs to focus on enforcement and not outreach. However, in your written statement, you stated that the VA requires SAAs to conduct and report on their outreach activities but does not reimburse the SAAs for the cost of outreach materials. Why require the SAAs to do something you don't reimburse them to complete?

Ms. BOGUE. They report on the outreach events they are attending. So if they are going to a job fair, each quarter for the most part, the SAAs are providing us reports as it relates to travel and other administrative costs. So we ask for them to report on the actual events, not any other items as it relates to marketing materials and things of that nature, because we do not compensate them for that.

Mr. BILIRAKIS. Okay. One last question, and I may have a follow-up on here too. Do you know how many students would be impacted by the proposed 90/10 change? You may have answered this question in your testimony, but if you could repeat it, I would appreciate it.

Ms. BOGUE. In my oral, I did state that we initially identified 133 schools that could be potentially affected by this, which would in turn impact about 60,000 students.

Mr. BILIRAKIS. And again, I think you've expressed your view on this, but let's reiterate. Are you concerned that there is no waiver authority for the secretary to protect student veterans, whose school may not immediately meet these new ambiguous standards?

Ms. BOGUE. We highly encourage that there be a waiver authority. Right now, we have the 85/15 rule, which is similar to 90/10, but instead we count students versus dollars, to protect students from certain schools. And there is a waiver criteria in there. So we believe that if something like this is passed, there should be a waiver criteria that is imposed in this as well. So that way, we can account for some of those high quality programs that are doing what they need to do, but they might not meet that 90/10 threshold.

Mr. BILIRAKIS. Okay. Well, thank you very much. I appreciate it. I will yield back, Mr. Chairman.

Mr. LEVIN. Thank you, Mr. Ranking Member. I would now like to recognize Ms. Luria for 5 minutes.

No questions from Ms. Luria. How about Mr. Bergman?

Mr. BERGMAN. Thank you, Mr. Chairman. And always a target of opportunity. I see some uniformed individuals in the doorway. And I thank you for the—I see one Order of the Arrow. Was that brotherhood? Okay. Well, you guys look great in uniform. Thanks for being part of scouting. It will make you the adults that you are going to be in the future.

I just had a change a couple of months ago to participate in my oldest grandson's eagle ceremony out in California. So thank you for what you are doing already.

Mr. CUNNINGHAM. I will claim them for my state too, Mr. Bergman.

Mr. BERGMAN. Well, you know, we don't get a chance in these kinds of hearings to acknowledge all the good behavior that is done on so many different levels. But it takes leadership at all levels, whether you are talking about veterans. And by the way, my scout master was a Korean War vet. Our scout troupe was the only one in our whole area that knew how to do—march as a platoon and do close ordered drill. But anyway, that is a different story.

Thanks, Mr. Chairman, for holding the hearing today and for including my bill, H.R. 561, the Protecting Business Opportunities for Veterans Act of 2019. I am proud to have worked closely with my colleagues, Representative Kuster of New Hampshire, Representative Dunn of Florida, and Representative Pappas of New Hampshire on this legislation.

I am glad that we are once again considering it after it passed our Full Committee in the House of Representatives by a voice vote last Congress. H.R. 561 would ensure that veteran owned small businesses and service disabled veteran owned small businesses actually receive the VA contracts set aside for them by the VA Vets First program.

As a bit of background, you know, unfortunately some companies have used improper pass throughs, meaning that they subcontract out all or substantially all of the work to a large company and nonetheless collect the profit. That is wrong.

These improper pass throughs have long been prohibited by law, but they occur throughout the Federal government, and especially in recent years seem to plague the VA, which lacks the tools to detect them and to enforce the rules. And you know, we want to make sure that the VA is armed and ready to promote good behavior, but also to make sure that bad behavior is appropriately punished.

These practices waste taxpayer dollars, they cut into profits intended for veterans and service disabled veterans, and sidelines the law abiding veteran business owners, who want to perform the work. You know, on the legislative side, this bill protects veterans and cracks down on bad actors and loopholes by ensuring that every bidder in the Vets First program must certify that they will perform the agreed percentage of work required by the law.

Additionally, the VA must refer suspected violators to the Office of the Inspector General for investigation, as well as consider a more effective way to find, stop, and where appropriate punish the improper pass throughs. Our message is clear. We do not tolerate those who abuse the system and disadvantage our hardworking veterans.

To the panel here, as folks from the VA, I understand that this legislation may not necessarily be in your particular area of expertise, but have any of you ever come across the issue of improper pass throughs in your respective careers at the VA?

Okay. So not at all. You are focused in a different area. Well, I wanted to say that it is one of those things, whether you are talking about veterans' education and veterans' benefits. When you think about when somebody leaves the military and they have earned their GI Bill, and all the different things that they have after honorable service, is that it is important, I believe, that the VA look across boundaries, don't get caught up in the stovepipes, to the point where you don't look out and see what is going on. Because if somebody has used their educational benefits, gotten the degree, gotten the certificate that allows them to go into business, we don't want to have that effort that they have put forth, all that effort at that point.

So I would suggest to you it is always good to look outside of our particular silo that we happen to be working in. And I thank you for all you do, and I look forward to the next panel here. But Mr. Chairman, I yield back.

Mr. LEVIN. Thank you, Mr. Bergman. I now recognize Mr. Cunningham for 5 minutes.

Mr. CUNNINGHAM. Thank you, Mr. Chairman, and good morning. I want to thank you all each for taking the time to appear and testify, Ms. Bogue, Mr. London, Mr. Carroll, and Mr. Clark. We appreciate the work you all do for our veterans. And I wanted to tell you how much it means to us.

Specifically, I represent the First District of South Carolina from Charleston, basically all the way down to Hilton Head. And I am proud to say that we have around 70,000 veterans in our district, and the highest number of veterans in the entire State of South Carolina. So it is an issue that is near and dear to my heart.

And, Ms. Bogue, I want to ask you something. In your written testimony on the draft bill to direct the VA to study the link between economic factors and veteran suicide, you stated that the VA is already supporting research on the risk factors associated with veteran suicide. Can you briefly describe that research?

Ms. BOGUE. I am going to defer to my VHA colleagues to answer that question.

Mr. CARROLL. Thank you. And thank you, Mr. Cunningham, for your support. And this is such an incredibly important issue for us. So currently, the VA's Office of Research and Development is working with the Henry M. Jackson Foundation on a study to look at a comprehensive set of factors, that include psychological and physical health, vocational health or employment, finances and social relationships. And this is a large study that is involving I believe over 9,000 individuals in it. And there are some preliminary results. The final results are not available yet, but we would be happy to make that available to you.

Within VA, we have put together some programs to help teach financial literacy skills to veterans. And as I referred to earlier, I think just the general context for this is our preference or our recommendation is to look at multiple risk factors. We know there is never really any one single cause of a death by suicide. It is multi-

factorial: financial issues, legal issues, mental health issues, adjustment issues can all be part of the constellation.

I think often that leads to issues of loneliness or not feeling that one belongs. So it is really so important from our perspective to look at multiple things together, rather than to do one offs. But this particular study does specifically include the financial issues. And as that moves forward, we would be happy to provide more information to you.

Mr. CUNNINGHAM. That would be helpful. Thank you so much, and thank you again for the services you all provide. I would yield back to the chair.

Mr. LEVIN. Thank you, Mr. Cunningham. I will now recognize Mr. Banks for 5 minutes.

Mr. BANKS. Thank you, Mr. Chairman. I really appreciate you adding H.R. 2618, my legislation, to this agenda as well. I think all of us agree that military spouses shoulder an enormous burden on behalf of our Nation. Aside from having to watch their loved ones leave home for deployments, spouses are repeatedly asked to move around our country, following the orders that their spouse in the military receives.

As a result of these frequent moves, spouses in many career fields are forced to sacrifice their own personal ambitions. However, a portion of this burden can be alleviated with administrative relief, which is the justification for my legislation, the Portable Certification of Spouses Act of 2019, which seeks to do this through two main objectives.

First, to improve the portability of occupational licenses from state to state. And secondly, to alleviate the burden military spouses endure when having to re-register a small business in a new state. This is the first of many steps to address these challenges, but a step worthy of bipartisan support on behalf of our military families, which is why I am very pleased that this piece of legislation is on the agenda for discussion today.

Now, I understand that the panelists in the first panel might have little to no jurisdiction over these issues. And I have to head to another Committee hearing in a different Committee here in a moment. Maybe the second panel might be able to address these issues in their opening comments as well, but I once again want to note my profound appreciation for the bipartisan support of common sense legislation like this, which could make a very real and meaningful impact on military families and military spouses throughout our country.

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

Mr. LEVIN. Thank you, Mr. Banks, and I appreciate that sentiment. And I was going to give a shout out to the Boy Scouts that were here, but it turns out they are all from Mr. Cunningham's district. So they all left with Mr. Cunningham. So there you go.

Last but certainly not least with our first panel, I would like to give 5 minutes to Ms. Lee.

Mrs. LEE. Thank you, Mr. Chairman. Thank you for including my bill also, and thank all of you for the service you do for our veterans.

Before I get started, I also want to thank the American Legion, the Veterans Education Success, Veterans of Foreign Wars, and

Student Veterans of America for the feedback that they provided me on and the Committee on my bill, the GI Bill Evaluation Act, which is really intended to give veterans some breathing room. Also to try to stop the practice of predatory institutions which target getting veterans into the seat for day one, and more importantly focus on shifting our payments to encouraging success rather than filling that seat in the first place.

And so I look forward to having some input on some of the comments that I received. Ms. Bogue, the VA says it supports the intent of the legislation, but has concerns with the implementation. Can you expand upon that, please?

Ms. BOGUE. Absolutely. So thank you for that question. So our concern is that although it says that we don't pay until after the 14 days window, it does not prevent a school from actually collecting tuition and fee payments from the student itself. When we looked at schools across the Nation, several schools have 100 percent refund policy within the first couple days of the semester, or a partial refund policy within the first ten days of the school starting, the semester starting.

So we were concerned that if you have a 14 day window, and then VA is not on the hook for the payment for the student—I mean, for the school, then the school will go after the student for the payment. So that was our concern there.

Mrs. LEE. Okay. Well, we will hopefully—we will address that concern and hopefully we can get your support after doing so. On these concerns, did you consult with any school certifying officials? Have you gotten their feedback on that?

Ms. BOGUE. We did. That is why we know the information we know about the refund policy and the window in which there is some type of refund policy for schools—I mean, for students.

Mrs. LEE. Okay. Great. My next question is to Mr. Hubbard. I don't have—chief of staff—

Ms. BOGUE. Wrong panel.

Mrs. LEE. Okay, wrong panel. Sorry. I will hold off until the next panel. Thank you. I am done and I yield the rest of my time.

Mr. LEVIN. Thank you, Ms. Lee. I appreciate the questions of all of my colleagues and all their hard work on this legislation. And with that, I would like to call our second panel to join us.

[Pause.]

Mr. LEVIN. Welcome, everybody. Everybody ready? All right, all right.

Appearing before us today is Patrick Murray, Deputy Director at the Veterans of Foreign Wars. Always good to see you.

Next is John Kamin, Assistant Director of Veterans Employment and Education at The American Legion. Thanks for being here.

We also have Colonel Robert Norton, Senior Advisor with Veterans Education Success. Thank you, sir.

Next is William Hubbard, Chief of Staff for the Student Veterans of America. Thank you.

Also here is Jeremy Villanueva, Associate National Legislative Director for Disabled American Veterans. Good to see you.

And, finally, Timothy McMahon, Board Member of Career Education Colleges and Universities. Thanks for being here.

With that, we will turn right over to our statements from each of you. And, Mr. Murray, I would like to start with you, and you are recognized to present your opening statement.

STATEMENT OF PATRICK MURRAY

Mr. MURRAY. Chairman Levin, Ranking Member Bilirakis, and Members of the Subcommittee, on behalf of the men and women of the Veterans of Foreign Wars of the United States and its Auxiliary, I would like to thank you for the opportunity to present our views on these important pieces of legislation.

The VFW supports the intent of the Student Veteran Empowerment Act and have a suggested addition that could improve upon it. Last Congress, this Committee passed historic legislation to improve and expand the GI Bill. One of the VFW's top priorities in the Forever GI Bill was restitution of eligibility for student veterans affected by school closures. Thousands of student veterans were caught off guard by their schools closing due to bad financial management, and this Committee authorized restitution of their benefits if their credits would not transfer.

While this was incredibly important for those student veterans, it only covered people during a certain period of time. The VFW supports making a permanent fix for all students affected by school closures.

We also believe schools facing financial instability should require additional oversight and a back-up plan if they do end up closing. This proposal would require additional risk-based investigations by the SAAs to help identify potential vulnerabilities for student veterans.

We also believe that, in addition to this proposal, schools facing financial instability should be required to offer letters of credit if they reach a certain financial threshold. Institutions deemed financially unstable shall provide letters of credit for Title IV, but not Title 38. The VFW believes there should be parity for student veterans attending institutions at risk of closure. It should not be the sole job of VA and the taxpayers to make whole students who are failed by their institutions.

Many of these institutions profit off of taxpayer dollars, then the students are bailed out by more taxpayer dollars. We believe that some of the burden should also be placed upon the institution itself. Risk-based assessments, in conjunction with letters of credit, would be a great step forward in protecting student veterans.

The VFW supports the proposed legislation—excuse me. Sir, I would like to yield the rest of my time.

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

Mr. LEVIN. No problem. Thank you, Mr. Murray.
Mr. Kamin, you are now recognized for 5 minutes.

STATEMENT OF JOHN KAMIN

Mr. KAMIN. Thank you, Chairman Levin, Ranking Member Bilirakis, on behalf of National Commander Brett P. Reistad and the nearly two million members of The American Legion, we appreciate the opportunity to testify on these important issues.

Before addressing the pending legislation, we would like to extend a sincere thank you to the entire House Veterans' Affairs Committee, as well as the Veterans Benefits Administration, for all the work that went into honoring the 75th anniversary of signing the GI Bill. The American Legion was proud to work with Student Veterans of America to coordinate four receptions commemorating every aspect of the bill, from home ownership to student veteran success. It is fitting, then, that we carry on this legacy in these halls today.

Now I am going to address 9010 and go a little bit off the script here. VA raises some important points and there are some challenges when it comes to it. I think that where we are operating from as a group and what every other veterans' group would offer is that perhaps the Department of Education would not abide by eliminating the 90/10 rule for them. They know for Title IV benefits they need protections and not their protection; the Department has a vested interest ensuring that, for taxpayers and for students alike. We want to see VA fulfill the same function and have the same care for Title 38 benefits, and be interested, engaged. Whether it is fixable through Title 38 or not, it is important that they are at the table to defend these veterans and make sure we can come up with a solution, because right now there is none.

Now, in addition to this, a separate issue of benefits parity has long existed that has been a divide between online learning and in-class instruction. And while the Post-9/11 GI Bill has undergone monumental improvements to meet our veterans' education demands, it has yet to properly value online learning.

While in-person learning is awarded with a basic housing allowance consistent with localized housing rates, online learning is currently set at half the national average. This is despite the education landscape's momentous shift towards more online learning; this is despite the fact that many student veterans with family and job commitments do not have the luxury of time to attend classes in person. The American Legion does not believe these students should be penalized for these family and work obligations. As long as they are meeting their school's requirement for full-time learning, the VA must honor this commitment with a full-time basic allowance for housing, and we enthusiastically support the draft legislation to increase monthly housing stipends.

Just as The American Legion believes in institutional accountability of these education benefits, we also believe that student veterans need to be empowered to be the best possible stewards of their GI Bill. The Student Veterans Empowerment Act makes a big step in this direction by offering a commonsense solution, requiring student veterans to submit a monthly verification of their enrollment status for the purpose of accurate benefits delivery. The need for this is traced to a 2015 GAO report that identified \$416 million in GI Bill overpayments. That is one out of every four veteran beneficiaries.

While minor steps have been made to lower potential overpayment issues such as school-certifying official training, The American Legion believes that, 5 years removed from this GAO report, overpayments are still a serious concern. And they are unacceptable, because student veterans are often beholden to school-certi-

fyng officials to send their enrollment information to VA on time and accurately. A simple misstep on behalf of a certifying official puts a debt collection target on the veteran's back through no fault of their own. So let's simply require students to verify their enrollment every month, so VA can have close to a real-time information on student veteran enrollment status, saving a certifying official from having to conduct monthly reviews and affording them more time for initial certificate of eligibility processing.

While this may be an inconvenience for student veterans, it is not without precedent. To this day, the Montgomery GI Bill still requires monthly verification through its Web-automated verification of enrollment. It is no surprise that the Montgomery GI Bill has no comparable issues with overpayments.

Outside of education issues, The American Legion strongly supports H.R. 2924, the Housing for Women Veterans Act.

Since its inception in 2012, the Supportive Services for Veteran Families Program has played an instrumental role in assisting veterans and their families in exiting or avoiding homelessness. In 2012 through 2017, the program assisted over 419,000 homeless and at-risk veterans. H.R. 2924 would reauthorize the SSVF grant program for 3 years and specify a gap analysis program designed to provide assistance to women veterans who are homeless. According to recent studies, 30 percent of women veterans have children in custody, and, among unstably-housed veterans, 45 percent of women have children.

It is critical that this population is reached to ensure that these programs are having their intended impact, especially when children are at stake.

Finally, I touched on the VA Economic Hardship Report Act. The latest Department of Veterans Affairs National Suicide Data Report found that more than 6,000 veterans have died by suicide every year from 2008 to 2016. In 2016, the suicide rate was five times greater for veterans than non-veteran adults.

The American Legion strives to ensure our Nation's veterans receive the support and assistance they deserve. And, while we are encouraged by some of what we heard on a recent House hearing on oversight and reform for veteran suicides, the topic of economic factors was noticeably absent, and we believe that this an important step to ensure it.

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

[THE PREPARED STATEMENT OF JOHN KAMIN PPEARS IN THE APPENDIX]

Mr. LEVIN. Thanks, Mr. Kamin.

I would now like to recognize Colonel Norton for 5 minutes.

STATEMENT OF ROBERT F. NORTON

Colonel *Norton.* Thank you, Mr. Chairman, Ranking Member, Members of the Subcommittee. It is indeed an honor to be here today and an opportunity to present the views of Veterans Education Success.

I would also like to say, Mr. Chairman, that it is a distinct honor to be among today's young warriors and veterans here at this panel. It really is a special opportunity for me to be with them.

VES is a non-profit organization that provides free counseling and legal assistance to students using their GI Bill, and we work to advance higher education success for all military-affiliated students. The Subcommittee today is undertaking critical common sense solutions to stop waste, fraud, and abuse under the GI Bill.

In our view, the very integrity of the GI Bill is under attack. Defrauded student veterans have lost their one shot at their hard-earned GI Bill. This unacceptable situation is compounded by the fact that the Department of Veterans Affairs claims to lack statutory authority to act on behalf of the veterans they are sworn to serve.

Earlier this year, for example, the Education Department cut off Argosy University for stealing Federal student aid funds, but VA officials said they lacked authority to protect GI Bill funds.

A few years ago, the Justice Department won a \$200 million judgment from a college chain for defrauding millions of students, and sent the executives of another college to jail for defrauding the Education Department. Also, earlier this year, 49 states joined together to recover \$500 million from a college that had defrauded tens of thousands of veterans.

Veterans indeed are understandably angry when they learn that a college that defrauded them remained approved for the GI Bill, even though other government agencies had cut it off. Taxpayers are outraged when they read news of GI Bill funds continuing to flow to schools sued by the Justice Department or raided by the FBI with a college president behind bars.

The VA Inspector General concluded last December that 86 percent of State Approving Agencies, quote, "did not adequately oversee the education and training programs," and, quote, "[the] Veterans Benefits Administration (VBA) could not provide reasonable assurance that Post-9/11 GI Bill benefits were paid to eligible schools, or that students received quality education and training," end quote.

The VA IG estimated the VA will waste \$2.3 billion over the next 5 years in GI Bill funds going to schools that should not be approved for the GI Bill.

With this backdrop, VES is grateful the Subcommittee today is considering legislation to support better outcomes for our veterans.

Of the nine bills before the Subcommittee today, I would like to focus on a few for your consideration.

The Student Veterans Empowerment Act requires risk-based oversight of colleges that are sued by the Federal Government for misleading students. We encourage the Subcommittee to consider additional forms of action that should trigger a careful check by State Approving Agencies of a school's worthiness to receive the GI Bill, as outlined in our written testimony. Such as, for example, when a state agency halts new enrollment, as the Texas Workforce Commission did after finding American Technical College had filed false job placement numbers.

We commend you, Mr. Chairman, for the draft Principles of Excellence bill, and Section 3 of the Student Veterans Empowerment

Act, both of which would align the VA with the Departments of Defense and Education, and giving VA authority to take action against schools that violate the VA principles of excellence. We urge the Subcommittee to merge the best features of both bills.

VES also feels strongly that student veterans should have the same rights as their non-veteran peers. For example, student veterans should be able to recover their hard-earned GI Bill when their school closes. We thank the Subcommittee for considering legislation that, for example, in Section 2 of the Student Veterans Empowerment Act, would accomplish that purpose.

We also thank the Chairman for his draft bill to give the VA the same letter of credit authority that the Education Department has long used to protect student veterans using Title IV funds. Our written testimony provides more detail on the draft legislation being considered today.

For over 20 years, I have had the honor to testify before this Subcommittee on GI Bill-related issues and, on behalf of Veterans Education Success and my fellow veterans, I look forward to your continuing bipartisan commitment to those who have worn our Nation's uniform.

Thank you and I look forward to your questions.

[THE PREPARED STATEMENT OF ROBERT F. NORTON APPEARS IN THE APPENDIX]

Mr. LEVIN. Thank you, Colonel. I appreciate your feedback, your support, and your service as well.

With that, I would like to recognize Mr. Hubbard.

STATEMENT OF WILLIAM HUBBARD

Mr. HUBBARD. Thank you, Chairman Levin, Ranking Member Bilirakis, and Members of the Committee. Thank you for inviting Student Veterans of America to testify on the topic of pending legislation related to veteran transition and economic opportunity. As a higher education nonprofit focused on the successful transition of veterans into the leaders our country so desperately requires, we appreciate the opportunity to share our perspective.

I echo my colleagues at The American Legion related to the commemoration of the 75th anniversary of the GI Bill, and thank them for their long-standing leadership.

We have submitted for the record a comprehensive written testimony addressing the broad array of proposals up for consideration today. Many of these proposals seek to address the gap that exists between legal authorities over education programs, and the divergence of these authorities between the Department of Veterans Affairs and Department of Education. Many of these bills are a step in the right direction to achieve parity between VA and Ed. We humbly offer some additional considerations on each in an effort to make them even more impactful.

This generation of veterans consistently demonstrates an increasingly sophisticated approach to higher education. We do, however, always keep a watchful eye for predatory schools and programs who frequently seek to take advantage of VA education benefits such as the GI Bill.

Previously, I testified before this body regarding the ongoing practice of near-blanket enrollment of new recruits and officer candidates into the Montgomery GI Bill. In response, this Committee took swift and thoughtful action to address our concerns, proposing draft legislation to extend the time period under which an election must be made for entitlement for educational assistance under that program. I would like to focus the balance of my time on this issue.

The Montgomery GI Bill served our Nation's veterans well for many years; however, with the advent of the Chapter 33 Post-9/11 GI Bill, the older program is now little more than a superfluous tax on troops. Except for a few niche scenarios, the Post-9/11 GI Bill provides more general resources and better overall value than the Montgomery. Despite this, it lingers on through the automatic enrollment of new servicemembers who are not fully informed of the differences of these education programs.

A recent Politico article put a fine point on the issue, noting the clear disparities. I shared, "At this point, it is just a vestige of a bygone policy determination. They are paying into it for essentially no reason at all."

Why does this matter? Consider that the average paycheck for an E1, a brand new private in the military, is just over \$800, and that is before taxes and deductions. Further, these troops are also subject to the new blended retirement system, making financial strains a very real prospect.

Of the \$160 million collected from new recruits each year, over \$140 million goes unused and un-refunded. To put this \$140 million into perspective, that amount could fund 10,305 students for a free ride at UC San Diego at the in-state tuition rate, nearly a third of the entire 35,000-student population, every single year. Yet, these funds continue to be collected for essentially no reason at all.

When presented time to review information on their options, servicemembers quickly discern which benefit is for them. From fiscal year 2014 to 2018, a combined 94 percent of veterans made the understandable choice to use the Post-9/11 GI Bill over the Montgomery GI Bill.

For visual comparison, this is approximately what the GI Bill looks like today. Overall, the antiquated program is on track to represent barely 2 percent of VA education benefits next year, a figure which has steadily declined as the Post-9/11 GI Bill, now the Forever GI Bill, rose in popularity due to the much more general resources afforded to student veterans. Yet, due to current policies, new servicemembers are often automatically enrolled in the Montgomery GI Bill unless within a few days of entering initial training they submit a written request to opt out. And, just to add to the confusion, public-facing Web sites from the different service branches also make it nearly impossible to get clear information about the nuances of the different options.

In one example, one of the Web sites reads, "If you sign up and do not want it, there are no refunds." Another states, "Monies reduced are not taxable and not refundable; monies reduced cannot be stopped or suspended."

We thank the Chairman, the Ranking Member, and the Committee Members for your time, attention, and devotion to the cause

of veterans in higher education, and I look forward to your questions.

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

Mr. LEVIN. Thank you, Mr. Hubbard. And, without objection, we will add the visuals that you took the time to prepare to the record. Thank you for that.

Mr. LEVIN. With that, I would like to recognize Mr. Villanueva for 5 minutes.

STATEMENT OF JEREMY M. VILLANUEVA

Mr. VILLANUEVA. Chairman Levin, Ranking Member Bilirakis, and Members of the Subcommittee, thank you for inviting DAV to testify at this legislative hearing of the Subcommittee on Economic Opportunity. DAV, a non-profit veterans service organization comprised of over one million wartime service-disabled veterans, is dedicated to a single purpose: empowering veterans to lead high-quality lives with respect and dignity.

I am pleased to provide our views on the legislation before the Subcommittee today that directly impacts the service-disabled veteran community. My full written testimony addresses the entirety of the bills on today's agenda, but, for brevity's sake, I would like to highlight four.

DAV has a long-standing resolution which supports the investigation, prevention, and monitoring controls over the Service-Disabled Veteran-Owned Small Business, or SDVOSB Program, and seeks to ensure that fraud is prosecuted and companies that commit fraud are suspended or otherwise held accountable. And also Resolution No. 303, which calls for simplification of the verification process for SDVOSBs and Veteran-Owned Small Business, or VOSBs. For this reason, DAV supports H.R. 561, Protecting Business Opportunities for Veterans Act of 2019; and H.R. 1615, VA-SBA Act.

H.R. 561 would correct a persistent problem in contracting under the Vets First Program by directing the VA to work with the Office of the Inspector General to identify and penalize small businesses who take advantage of the program by utilizing pass-through contracts, which occur when a small business wins its contract based on a designated preference and then subcontracts most of the work to a non-similarly-situated firm. These pass-through contracts violate the principle and rationale of these programs, which is to benefit the SDVOSB community.

In a 2018 report, the GAO found persistent problems in contracting under the Vets First Program by small businesses who disregarded these subcontracting limitations.

H.R. 1615 would move the VA's verification of SDVOSBs and VOSBs' responsibility to the Small Business Administration. The SBA will therefore fully take over the certification process government-wide and VA's separate verification program will sunset.

Currently, SBA certifies small businesses that participate in most Federal contracting preference programs, the exception is SDVOSBs that are verified by VA to qualify for VA contracts. GAO noted in its 2012 report on the SDVOSB programs, "No action has

been taken by agencies to improve fraud prevention controls. Relying almost solely on firms' self-certification, the program continues to lack controls to prevent fraud and abuse."

The VA-SBA Act seeks to address this problem by instituting an affirmative certification requirement for SDVOSB throughout the Federal Government, to be implemented and maintained by the SBA. To accomplish this, the Act transfers responsibility for certification from the VA to the SBA and eliminates the option to self-certify.

Finally, this bill guarantees that no self-certified SDVOSB will be excluded from a contracting opportunity if the SBA is slow to process its certification application and preserves the unique VOSB contracting preference in VA.

DAV supports H.R. 561 and H.R. 1615, and we look forward to working with this Committee to ensure their passage.

Mr. Chairman, the collaborative efforts made by the VA and its Federal partners to end veteran homelessness have shown significant progress in the decade since the U.S. established the goal to eliminate it; however, there are still challenges. A 2016 point-in-time census showed that 9.2 percent of the adult homeless population are veterans and, while this is a dramatic decrease since 2009, veterans are still over-represented.

For this reason, we support H.R. 716, the Homeless Veterans Legal Services Act, and the draft bill, Legal Services for Homeless Veterans Act, and would like to thank Congressman Panetta and Congresswoman Beatty for introducing these bills that would authorize VA to provide grants or enter into cooperative agreements with community entities to provide legal services to veterans experiencing homelessness and veterans who are at risk for becoming homeless.

In its most recent CHALENG report, male homeless veterans stated that some of the top unmet needs were legal issues, to include child support, prevention of eviction or foreclosure, restoration of driver's licenses, outstanding warrants and fines, and also discharge upgrades. Female homeless veterans identified legal assistance in three different areas, including child support, prevention of eviction or foreclosure, and discharge upgrades.

These legal issues are often significant barriers in obtaining employment, reuniting families, maintaining or obtaining permanent housing, or seeking benefits or child support to stabilize family income. By addressing these issues, a veteran has a significantly better chance of ending their cycle of homelessness.

Mr. Chairman, this concludes my testimony, and I would be happy to answer any questions you or the Subcommittee might have.

[THE PREPARED STATEMENT OF JEREMY M. VILLANUEVA APPEARS IN THE APPENDIX]

Mr. LEVIN. Thank you, Mr. Villanueva.

I would now like to recognize Mr. McMahon for 5 minutes.

STATEMENT OF TIMOTHY MCMAHON

Mr. McMAHON. Chairman Levin, Ranking Member, and Members of the Subcommittee, my name is Tim McMahon. I am U.S.

Air Force veteran, proud of that, and I am here today representing my schools, Triangle Tech, the Career Education Colleges and Universities, and Veterans for Career Education.

I service as president of Triangle Tech, a nationally-accredited career school with six campuses throughout Pennsylvania. We enroll over 200 veterans currently, that is around 20 percent of our student population. For every student veteran and every student enrolled at our schools, we assign a career advisor, a financial advisor, and an economic advisor to every student throughout their entire enrollment. We try to make sure that every student has the necessary support over the 2-year degree program in order to reach their potential throughout their enrollment to graduate and to become employed.

All students at Triangle Tech have free repeat privileges. By that I mean, if a student fails a course, we offer them a repeat of that course free of charge. We also provide a free refresher program for our graduates. If our graduates change careers or change direction in a career and need refresher in a technical skill that we've taught them, they're welcome to come back and get that refresher training free.

We also offer a guarantee to every employer that hires one of our graduates. By that I mean that if you hire one of my students and they are deficient in any area for which we have trained them, you may send them back to us and we will retrain those students free.

I tell you this because much of the rhetoric points a finger at what are known as fraudulent career schools. I have been doing this 46 years; I have trained over 10,000 veterans and placed over 10,000 veterans in job-related training—in jobs related to their training. My veterans and my other students earn an associate in specialized technology degree in just 16 months. They attend school six and a half hours a day, 5 days a week, and they have a career advisor that connects them with employers upon graduation. I don't consider myself a predatory, tax-paying career school. I am fairly typical of most tax-paying career schools.

I also serve on the board of directors of the Career Education Colleges and Universities, a national association of career colleges and schools consisting of nearly 500 campus locations across the United States.

I am proud to be among the nearly 100 veterans that traveled from across the country to Washington, D.C. just before Memorial Day and helped to found the Veterans for Career Education. We veterans founded VCE to support the right of veterans to use their earned veterans' benefits, like the GI Bill, to gain career skills at the college or institution of their choice. In 2 weeks, VCE will begin a Let Vets Choose Tour across America. We will be visiting over 20 career schools in more than ten states for the purpose of listening to the voices of the veterans enrolled in those schools, so that they can tell us what their opinion of those schools are, and so they can tell us how to make their experience better. We look forward to sharing the views of those veterans once we have accomplished that trip and we will be happy to forward the results of that back to the Committee.

In a recent Gallup study, 71 percent of the veterans and servicemembers who graduated from CECU member schools said

they were satisfied with their education, and 76 percent said their employment is directly related to their degree or their certificate earned at the career school. Our schools remain committed to provide career-relevant education to those in and out of uniform.

Regarding the draft legislation being discussed today, I will limit my oral remarks to those bills that may have the greatest impact on student veterans and career schools, especially the veterans that choose our schools year in and year out.

First, the draft bill to change the 90/10 rule to include military and veteran education benefits in the 90 percent side of the equation will certainly do more harm than good to our Nation's student veterans. CECU commissioned research to determine the impact that changing the 90/10 rule for tax-paying career institutions and found that, at a minimum, 100 schools currently teaching veterans would close, and, in that 100 schools, the estimate is that over 100,000 veterans would lose their opportunity for education that they chose.

This may seem to be a proper way to impact school closings, but I would say that the biggest impact on student closings caused by 90/10 would be to cause more of them unnecessarily.

The research also shows that over 400 public and private non-profit schools would fail if they were subjected to the expanded version of the 90/10 rule. The vast majority of GI Bill beneficiaries attend those schools.

As a veteran and an educator, I urge Congress to advance and ensure objective enforcements to the draft Principles of Excellence bill instead of changing 90/10.

Future education policy must hold all schools accountable if the true goal is to protect all veterans. It seems, based on the rhetoric here in Washington, some advocates and Members of Congress believe that veterans are being aggressively targeted by tax-paying schools and that, by changing the 90/10 rule, the issue will be mitigated. Simply put, that is just not true; it won't happen that way.

[THE PREPARED STATEMENT OF TIMOTHY MCMAHON APPEARS IN THE APPENDIX]

Mr. LEVIN. Mr. McMahon, I'm sorry, but your time is up. I appreciate your comments.

Mr. MCMAHON. Thank you.

Mr. LEVIN. Thank you all for your comments.

With that, I would like to recognize myself for 5 minutes. Everybody will have an opportunity to address what was discussed. And I would like to continue to be focused on the 90/10 loophole, and I appreciated the comments and concerns of both the VA and some of the for-profit university industry.

And, look, this is very simple. I hear from folks that are dealing with this loophole, there are far too many of our veterans that we are poaching to take advantage of them in order to get the other 90 percent. I am not saying all for-profit universities are bad, far from it, there are plenty of people doing very good things, but to deny that this is an issue, one that we must work together in a bipartisan manner to address, completely dismisses the voices of countless veterans that I have heard—and I have only been at this job for 7 months—I have heard their stories, we have got to fix this

issue. Let's roll up our sleeves, let's get to work, and let's get it done. We owe our veterans no less. All due respect to those in the industry, you know we can do better than what we are doing today for our veterans.

So, with that in mind, I want to get into the text that we are considering and my specific bill to address it. It does not provide the VA with any authority to waive 90/10 requirements for certain institutions in extenuating circumstances. Mr. Kamin, Mr. Murray, Colonel Norton, I would like to hear from all of you on this. Would you support the addition of waiver authority? If so, how should that be structured to ensure we don't create a new loophole?

Mr. MURRAY. Sir, we would support some kind of a waiver in extreme circumstances. Obviously, flexibility is always an important thing. In previous bills, there have been the Secretary has the ability to waive this clause if such-and-such might happen, and we would be supportive of that.

Mr. LEVIN. Thanks.

Mr. KAMIN. Mr. Chairman, quite frankly, we are not really experts when it comes to this type of issue of waiver. We would defer to our for-profit colleagues and say, how can we make this work for you?

The idea that there is rhetoric associated with this that we are anti-for-profit is simply inconsistent with the efforts that we have tried to do to reach out to them to make it accommodating. The simple fact is, there have got to be guardrails on Title 38, the same way it is for Title 10. It is not 85/15. If 85/15 worked, they would have included it in HEA when it first passed. They knew there were ways to easily get around that. It needed to be based on 90/10 for payments.

So, however we can accommodate so that the schools don't immediately close, that it matches the guidelines for industry to reach, we would be looking forward to that discussion.

Mr. LEVIN. Thank you.

Colonel *Norton.* Thank you, Mr. Chairman. I think we would be delighted to see language concerning a waiver authority. I would just like to point out that, as you know, DeVry University has on its own—it is a large for-profit institution, has on its own declared that it will follow the 90/10 in terms of its own business model.

So this is not something that is an outlier situation. Schools should be able to attract any student that needs to go there, wants to go there, and provide a quality education with outcomes that will enable them to have a successful future. So we would be pleased to work with the Subcommittee and your staff on waiver language.

Thank you.

Mr. LEVIN. Thank you.

Mr. Hubbard, anything to add?

Mr. HUBBARD. I appreciate the interest and discussion of this in this hearing, Mr. Chairman. I think it has a place in this Committee, in this hearing room, in the fact that the taxpayers who are veterans, who have served, are the folks on the end of this discussion who are affected.

So, though I think largely it does have a place also within the Department of Education and Title IV funds, we have to under-

stand the audience of this hearing, which is veterans, and they are affected by this in a very negative manner. So I appreciate you addressing that in this Committee.

In terms of the waiver, I think annual SAA monitoring would be one step that might be considered, understanding the importance of risk-based reviews. I think, if we are going to grant a waiver, also following up on an annual basis to ensure it is not being abused is one manner to potentially make sure it is safeguarded.

Mr. LEVIN. I appreciate that. And, again, this is not intended to be a condemnation of all for-profit institutions. One of my very dear friends, a Marine Corps veteran, runs the legal clinics, including the Veterans Law Clinic, at a for-profit institution, the University of San Diego. And when I ask him what is the number one reason veterans come to you for help, it is to deal with student loan debt and, specifically, a lot of issues pertaining to this 90/10 loophole. He is the one that told me about it many years ago.

So we have got to fix it and, again, we want to work with the community to come to a consensus about the best way to do it.

I want to in the brief time I have left shift to the legislation mandating that institutions agree to the principles of excellence, some of you have addressed that, in order to receive GI Bill funding. Colonel Norton and Mr. Hubbard—and I would ask you to go fairly quickly in the interest of time—do you think that state approving agencies are capable of enforcing these principles of excellence?

Colonel *Norton.* Yes, I do, if properly resourced and with the proper training.

Mr. HUBBARD. I would echo that. I think they have a lot on their plate, but they are definitely capable and have the expertise to do so.

Mr. LEVIN. Thank you both. And I am out of time, for my 5 minutes anyway, but I would like to recognize Mr. Bergman, who is filling in for Mr. Bilirakis. It is nice to see you up here, sir.

Mr. BERGMAN. Thanks, Mr. Chairman. And let's face it, what we are talking about here is doing the right thing for men and women who have served their country, pure and simple.

I am going to tell you from personal experience, because we are all a product of our experiences, during my 4 and a half years in command of the Marine Corps Reserve, one of the biggest challenges I had within our service specific was getting our Reservists into schools controlled by the Marine Corps, because—and this is not about the Marine Corps, this is just an example that I believe transcends the philosophy of an educational institution that it is about them, as opposed to potentially being about their students—is an education an end game or is it a stepping stone? It is a stepping stone, because of the fact you don't become a student to become a student for life, you become a student to get whatever certificate or degree or training that is going to springboard you into the next step of your career and your working career.

So, when you think about in some cases the inflexibility of educational institutions, because it likes its product, we can see the results in our education system across the country that has yielded 18-year-olds who are not ready to take the next step. I know it sounds like I'm preaching here a little bit, but the fact of the matter is—by the way, my daughter is a career elementary teacher and

has been so for 20-plus years, and works part-time with the University of Illinois to evaluate student teachers going into elementary education, so I get feedback on a daily basis. The education starts early on in all our lives.

So the point is, as we look at education systems now for veterans who, are they going to go into an educational system right after they finish their active duty, or are they going to go out and work for a while? Maybe in some cases even start their own business first. That is why when we talk about—and I am not going to spend much time on the bill that I talked about earlier, the H.R. 561 that talks about the pass-throughs—you are going to have some veterans who go right into the workforce. They have hatched a business idea with some of their buddies while they have been serving and they are going to go out and start it right away. Only afterwards will they potentially then go seek some certification, whether it be to change their business or to upgrade their business model, because now they have become successful and they need more training.

So my concern as what we do as a body here, if we agree that the GI Bill works, how do we make sure it continues to work? Well, the bottom line is—and I am going to ask you a question now—do you agree that by ensuring that the GI Bill academic programs are Title IV eligible we would—you know, by ensuring that, that we would meet the goals of the draft bills that would integrate the 90/10 rule letters of credit and program integrity rules into Title 38?

Mr. HUBBARD. Congressman, I would love to answer that question, I think it is very relevant for this discussion and, as a fellow Marine, I think we both understand the importance that all of our branches place on serving our servicemembers. The point that you made that students come first is, without a doubt, absolutely true in 100 percent of the cases with good schools and so we applaud those. Some of them are represented here today. And I think, ultimately, we do have to recall that nearly 74 percent of servicemembers within 7 months of separating from active duty will go to school. You are absolutely right that some don't do that. So understanding that dichotomy and finding a way to best serve them is something that we are focused on.

I think, ultimately, the future of the workforce is going to be dependent upon the ability to have these degrees and in some cases advanced degrees as our society progresses. So we appreciate your comments on that and would look forward to working with you on it.

Mr. KAMIN. If I can also add that, General, I really appreciate those remarks and a very sagely perspective on the role of education in our country.

I think, number one, the GI Bill actually, it does have baked into it more room for innovation than Title IV funds, that is absolutely correct. Both—not just 90/10, but also the fact that we can do OJT, apprentice programs, credentialing, and I think we do believe that that could be valuable for us to be on the cutting edge of innovation. That carries with its inherent risks. The Servicemen's Readjustment Act of 1944 did not—this was before education as we know it, so you could use your money for anything, and when it was done, General Omar Bradley, who had overseen the VA said,

no mas, there is too much corruption here, get rid of it. So the Korean GI Bill came out and it was much less benefits, and we saw this trickle down of benefits because of these concerns that innovation bred corruption when it comes to how it was used.

So we need to be isolated and careful, but also take into account that there are a potential for going beyond just the spectrum of Title IV.

Mr. BERGMAN. And I see my—thank you and I appreciate it—I am over my time. But the bottom line is, when you think about serving in uniform, you have to be flexible, you have to be willing to adapt, and my concern is that an education system that exists for itself is not very adaptable.

So, thank you very much, Mr. Chairman.

Mr. LEVIN. Thank you, Mr. Bergman. I appreciate your thoughtful remarks.

I would like to recognize Ms. Lee for 5 minutes.

Ms. LEE. Okay, Mr. Hubbard, now I get to talk to you.

[Laughter.]

Mr. HUBBARD. I am getting ready for you.

Ms. LEE. Yes, just one question. SVA said you support the intent of my legislation, the GI Bill Evaluation Act, but you had some changes. Could you address the proposed changes you would make?

Mr. HUBBARD. Yes. And, before I go into that, I also want to thank you for your leadership with the launch of the Veterans Education Caucus. I think that a launch of that sort and the attendance that we had was representative of the interest in the issue of veterans in higher education. So, thank you again for your leadership on that and we look forward to working with you on many issues, including the ones that you proposed.

Is there any specific questions that you had about those? I would love to dive into them in detail.

Ms. LEE. I don't have any specific, I just wanted you for the record to talk about what—I mean, you can be pretty brief on what changes you would propose.

Mr. HUBBARD. Fair enough. So, for starters, one of the things that we have seen with regards to the GI Bill is largely, when those programs were developed, particularly in 2008, there wasn't necessarily a focus on evaluating the overall program. Much like the Department of Education has rigorous evaluations that they do tied to all of Title IV funds, unfortunately, the GI Bill does not necessarily have that same mind set. And so, if you were to ask our friends and colleagues at the VA certain nuances about these programs, they don't necessarily have the capability to dive into those details, because they are not necessarily collecting that information.

So evaluating these programs is of the utmost importance. If we are not able to evaluate them, then ultimately, we are not able to show the return on investment that the American taxpayer has made and, therefore, it puts the program in the cross-hairs. So to be able to have that level of understanding and capability is ultimately most important for the long term and specifically for future generations.

Ms. LEE. So, you know, the bill is really intended to focus on the payment and making sure that the VA is not paying for classes

that veterans eventually drop out of, and there is sort of a disconnect between the timing and just really setting a standard is really what the intention of the bill is about. You know, I am all for us evaluating programs and making sure that we are investing in programs that actually lead to economic security for our veterans.

So, is there anything else in particular with respect to that 14-day window?

Mr. HUBBARD. Well, over the years we have seen things like claw backs. There was over the last couple years some instances of nearly over 200,000 individuals having money taken back from them, because the way the program is set up currently it doesn't afford the ability to assess whether or not they are staying in that program. I think, if you look at things like the Montgomery GI Bill, which still to this day affords the opportunity for students to themselves certify, things like that would potentially be worth considering, because it makes sure that individuals are not in programs or program changes that don't catch up to them for a long time and then force people to be in a position where they are actually having money taken back from them.

Ms. LEE. Great. Thank you very much.

Colonel?

Colonel *Norton.* Yes, Congresswoman, I would just like to add that one suggestion we have regarding overpayments, since the VA pays the tuition directly to the school, we believe the overpayment should be—if there is an authorized recovery paid back to the Government, that it should be done by the school and not the burden put into the rucksack of the veteran.

Ms. LEE. Great. Yeah, I believe that is the intent. Thank you. And thank you for your support of the Veterans Education Caucus as well.

And I yield the remainder of my time. Thanks.

Mr. LEVIN. Thank you, Ms. Lee. And, if there are no more questions, we can conclude the hearing.

I thank our witnesses for their expertise and my colleagues for their interest.

All Members will have 5 legislative days to revise and extend their remarks, and include extraneous material. And, without objection, the Subcommittee stands adjourned.

[Whereupon, at 11:31 a.m., the Subcommittee was adjourned.]

A P P E N D I X

Prepared Statement of Charmain Bogue

Good afternoon, Chairman Levin, Ranking Member Bilirakis, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss several bills on the agenda. Unfortunately, due to the late notice of several of the bills, VA will only be able to provide limited testimony. VA will provide the remaining views in a follow up letter after the hearing. Accompanying me today are Jeffrey London, Executive Director, Loan Guaranty Service (VBA); David Carroll, Executive Director, Mental Health Operations (VHA); and Sean Clark, National Director, Veterans Justice Programs (VHA).

(1) Unnumbered Bill - Require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in VA educational assistance programs

The proposed legislation would prohibit VA or a State Approving Agency (SAA) from approving a course of education offered by a for-profit educational institution if the school does not receive a minimum of 10 percent of its revenues from sources other than Federal funds. Federal funding would be defined in the proposed legislation as any Federal financial assistance referenced under title 38, United States Code (U.S.C.), the Higher Education Act of 1965 (HEA) (20 U.S.C. §§ 1001 et seq.), or any other Federal law, through a grant, contract, subsidy, loan, guarantee, insurance, or other means to a proprietary institution, including Federal financial assistance that is paid to an institution on behalf of a student or to a student to be used to attend an institution. This does not include any monthly housing stipends under 38 U.S.C. chapter 33. The proposed legislation is effective 180 days after the date of the enactment.

We have significant concerns regarding the implementation and administration of the requirements and cannot support the legislation as proposed.

First, the proposed legislation would require SAAs and/or VA to calculate the overall “revenue” of for-profit educational institutions. Based on the definition of Federal funds, VA believes the term “revenue” is comprised of much more than tuition and fee payments. The Department would need to have the proper resources to review business accounts concerning all revenue across an entire business operation to verify compliance with the proposed requirement and is aware of no SAA with such capacity.

Second, the proposed definition of “Federal funds” is comprehensive, which would create potential problems with implementation. VA is not aware of any existing data source detailing every Federal law that provides financial assistance to an educational institution, on behalf of a student, or to a student “through a grant, contract, subsidy, loan, guarantee, insurance, or other means.” Verifying such Federal funding would, therefore, be difficult. Moreover, this definition includes many sources of funding that are not included in the Department of Education’s 90/10 rule, which only looks at Federal funds provided under Title IV. See 20 U.S.C. § 1094(a)(24), (d)(1), and (d)(2). VA’s 85/15 rule (38 U.S.C. § 3680A(d)), which restricts assistance provided by VA based on the ratio of students utilizing VA benefits and is not limited to for-profit schools, is similarly much narrower than the proposed rule. Based on the proposed legislation, VA and the SAAs would have to gather an excessive amount of data regarding Federal funds paid to educational institutions to determine the initial and continued approval of educational programs; doing so in 180 days would be immensely challenging. VA believes that the bill as currently written would impose a heavy burden on the SAAs or VA in attempting to verify reporting by for-profit schools. VA funds SAAs via contract, with statute capping the funds available. See 38 U.S.C. § 3674(a). Given the highly detailed and unique information required to be assessed by the proposed statute, VA anticipates that SAAs

will not have sufficient resources based on current funding to enforce the proposed statute.

Third, the 85/15 rule already limits which educational institutions (without regard to for-profit status) may take advantage of GI Bill funding, also addressing the apparent concern of schools that are over-reliant on Federal funds. The proposed legislation does not include a provision to allow currently enrolled students to finish their programs that parallels the 85–15 rule and would provide no authority to waive the requirements. Consequently, VA beneficiaries who may be enrolled in an institution that does not satisfy the criteria in the proposed statute would undergo a significant disruption, one that may prevent Veteran students and eligible dependents from completing their chosen programs due to a lack of alternatives, or because their GI Bill benefits are exhausted prior to graduation because all credits previously earned do not transfer to a new school.

Finally, the proposed legislation would apply equally to all types of programs offered by for-profit educational institutions, including degree, non-degree, flight, and on-the-job and apprenticeship training programs. We note that some of these programs do not involve traditional tuition and fee charges and/or do not primarily operate as classroom education. Given the scope of the inquiry into school revenue and school receipt of Federal funding, VA cannot provide an estimate regarding the likelihood that any institution would, or would not, currently meet the proposed requirements. The Department would be happy to work with the Subcommittee to provide technical assistance on the draft bill.

No benefits or administrative costs are associated with this bill.

(2) Unnumbered Bill - “Forever GI Bill Class Evaluation Act”

Section 2 of the proposed legislation would provide the findings and sense of Congress, including that:

- VA provided \$10.8 billion in Post-9/11 GI Bill education benefits to almost 800,000 Veterans in Fiscal Year (FY) 2014.
- According to the Government Accountability Office’s (GAO) October 2015 report, VA made \$416 million in Post-9/11 GI Bill overpayments in FY 2014, affecting one in four educational beneficiaries and about 6,000 schools.
- According to the report, Veterans using other VA education programs must verify their enrollment each month, but VA does not require those using the Post-9/11 GI Bill to do the same. VA not requiring Veterans using the Post-9/11 GI Bill to verify their enrollment every month can cause significant time to lapse between when Veterans drop courses and when this is reported, according to the report, meaning VA’s process allows Veterans to incur thousands of dollars in overpayments and increases the program’s costs associated with collecting these debts.

Section 3 of the proposed legislation would amend 38 U.S.C. § 3313(d)(1) to provide a limitation on when VA can issue a tuition and fee payment for a program of education leading to a degree pursued at an Institution of Higher Learning (IHL). Specifically, it would prohibit VA from making the lump sum payment for tuition and fees prior to 14 days after the start of the quarter, semester or term, unless the Secretary provides for a waiver. Additionally, if an individual withdraws during the first 14 days of the quarter, semester, or term, VA “shall not” issue a tuition and fee payment to the IHL. The proposed legislation would apply to a quarter, semester, or term that begins on or after the date that is 14 days after the date of enactment.

While VA supports the intent of the proposed legislation, we cannot support this bill due to the potential impact on Veterans and other VA education beneficiaries. While the proposed change could possibly decrease some overpayments and debts owed to VA, we believe such legislation would inadvertently shift the tuition and fee debt to the Veteran as certain schools would still require payment for the period of enrollment. VA’s Post-9/11 GI Bill claims processing system, the Long-Term Solution (LTS), is currently programmed to release awards for tuition and fees no earlier than 14 days prior to the beginning of an enrollment period. As such, VA would need to make modifications to the LTS to implement the proposed legislation.

The proposed legislation would also require that VA not make payment for tuition and fees if an individual withdraws from a program of education during the first 14 days of the quarter, semester, or term. As drafted, it is clear that VA should not pay retroactive benefits for individuals if they withdraw during the first 14 days of the term and benefits have not yet been paid. However, VA notes that it is unclear how the statutory provisions in 38 U.S.C. § 3680(a), which are generally applicable to benefit payments under the Post-9/11 GI Bill, and the proposed legislation would

interact. Specifically, the proposed legislation is arguably inconsistent with section 3680(a)(1)(C), which creates an exception to the general prohibition on payment for withdrawals (regardless of timing) if mitigating circumstances exist. Section 3680(a)(1)(C)(ii) dictates that mitigating circumstances shall be considered to exist for initial withdrawals totaling not more than 6 semester hours.

Section 2 also identifies GAO concerns with Post-9/11 GI Bill students not having to verify enrollment each month, but the proposed legislation does not make any statutory change relevant to this finding. VA currently has a process to assist schools in avoiding overpayments and minimizing student debts while also ensuring educational beneficiaries can receive their monthly benefits payment in a timely manner. Educational institutions are required to submit certifications to VA within 30 days of the beginning of the term. VA encourages schools to submit enrollment certifications prior to this deadline through VA's dual certification process: initially certifying \$0 for tuition and fees, and then subsequently certifying the net charges for tuition and fees. This process assists schools in avoiding school overpayments by allowing them to certify enrollments as early as possible with the term dates, credit hours, and other pertinent information while leaving the tuition and fees field blank. Once the school's drop-and-add period or another specified time by the school is complete, the educational institution can submit the updated tuition and fees amount. Through this process, schools benefit by submitting an accurate tuition and fees amount to VA while also ensuring the educational beneficiary receives their books and supplies stipend and monthly housing allowance payments without delay.

VA also notes that the proposed legislation as written would apply only to eligible individuals under the Post-9/11 GI Bill who are pursuing a program of education leading to a degree at an IHL. This change would not include eligible individuals pursuing a program of education at non-degree granting institutions. In addition, this change would also not apply to individuals pursuing a program of education leading to degree while on active duty. VA would be happy to work with the Subcommittee to provide technical assistance on the proposed legislation.

(3) Unnumbered Bill - Require that educational institutions abide by Principles of Excellence (POE) as a condition of approval for purposes of the VA educational assistance programs

This bill would amend 38 U.S.C. § 3679 to require disapproval of courses at educational institutions that do not agree to abide by the POE set forth in Executive Order (EO) 13607 or at those institutions that have agreed to abide by such POE but are in violation of those POE. This bill would essentially codify the POE established in EO 13607.

In addition, this bill would expand the POE by requiring educational institutions and any third-party lead generator, marketing firm, or company that owns and operates educational institutions to comply with the Department of Education's regulations in 34 C.F.R. §§ 668.71 through 668.75 and 668.14. This bill would also do the following:

- Prohibit these entities from inducements, including any gratuity, favor, etc. to employees or contractors for the purpose of securing enrollments of Veteran students, with the exception of scholarships, grants, and tuition reductions provided by the educational institution;
- Require refrainment from providing any commission, bonus, or other incentive payment based directly or indirectly on securing enrollments or Federal financial aid (including educational assistance under this title) to any person or entity engaged in student recruiting, admission activities, etc.; and
- Require refrainment from high-pressure recruitment tactics, including making three or more unsolicited contacts for the purpose of securing Veteran student enrollments.

While VA supports the intent of this proposed legislation of making the POE a part of the approval requirements for educational institutions and thereby ensuring Veterans, Servicemembers, and their families receive the information and protections they deserve as intended by EO 13607, VA cannot support this bill due to our concerns with the potential impact on degree programs at public IHLs and other programs that are currently exempt.

First, there are currently 2,176 programs at IHLs that, although eligible to participate in POE, have chosen not to do so (6,404 IHLs eligible; 4,228 have POE agreements - 66 percent; 2,176 without a POE agreement - 34 percent). Of these 2,176 non-signatory IHLs, 579 are public IHLs. From the beginning of the POE program, many public IHLs have expressed an inability to commit to POE due to the requirement that they provide a personalized form covering the total cost of the en-

tire education program. For a standard bachelor's degree, a school must provide the student with a cost worksheet outlining tuition and fee charges for the entire 4 to 5 years of the program. Since many public IHLs do not directly control their own tuition charges (which are often dictated by a Board of Regents, state legislature, or some other outside advisory and oversight body), many schools have stated they cannot guarantee tuition charges for years in advance and are afraid of being accused of operating bait-and-switch schemes, and, consequently, many have chosen not to be POE signatories. Under the proposed legislation, if a public IHL is externally forced to raise tuition charges during a student's program of education, it could potentially be found in violation of the POE and face disapproval.

Second, VA considers the requirements of the POE to be incompatible with some types of training programs, for example, foreign schools, apprenticeship and on-the-job training programs, and other programs that do not charge tuition and fees. However, the proposed amendment would not include any provisions to exclude such incompatible programs. Therefore, VA would encourage Congress to work with VA to determine a list of excluded programs for explicit exemption in the statute or to include a provision that would allow the Secretary of Veterans Affairs to establish a list of program types that would be exempt from the proposed rule.

Third, VA is extremely concerned that adequate enforcement of proposed section 3679(f)(2)(B) would be beyond the administrative capabilities of SAAs. As currently written, the proposed prohibitions are far-reaching (applying to third parties and associated companies), require gathering of evidence to determine whether a violation of subjective standards has occurred, and appear to require adjudications that are highly complex, potentially contentious, and extremely resource intensive by the SAA and/or VA that are independent of any such determinations already made by the Department of Education. Since the proposed requirements would apply to third-party and parent companies, verification of compliance could significantly increase the volume of corporate records that an SAA would have to review. Implementation of these rules may overload existing SAA resources. VA funds SAAs via contract, with statute capping the funds available. See 38 U.S.C. § 3674(a). Given the highly detailed and unique information required to be assessed by the proposed statute, VA anticipates that SAAs would not have sufficient resources based on current funding to enforce the proposed statute. Proposed subsection (f)(2)(B)(ii)(II) also appears to be partially duplicative of 38 U.S.C. § 3696(d)(1), which already prohibits VA from approving enrollments and paying benefits based on courses offered by educational institutions providing commissions, bonuses, or other incentive payments related to recruiting success.

Fourth, VA opposes the direct incorporation of another agency's regulations into a statutory limitation on participation in VA benefits. Regulations codified in title 34, C.F.R., implement Department of Education requirements, not VA requirements. This means that title 34 rules may be changed by the Department of Education without consultation or oversight by VA and could lead to a situation in which Department of Education's unilateral actions lead to the de facto disapprovals for purposes of GI Bill programs. Furthermore, SAAs have no expertise regarding the title 34 requirements and, therefore, the incorporation of these novel requirements would create a larger administrative burden.

Fifth, the specific title 34 regulations incorporated would appear to effectively eliminate GI Bill benefits for unaccredited courses. Currently, statute allows for GI Bill benefits to be used for courses that are accredited and unaccredited. 38 U.S.C. §§ 3675 (detailing approval requirements for accredited courses), 3676 (detailing approval requirements for unaccredited courses). Congress does not appear to have afforded such discretion for participation in Title IV programs, instead requiring the Department of Education to recognize accrediting bodies, 20 U.S.C. § 1099b, enter into agreements with schools that will provide adequate information to accreditors, 20 U.S.C. § 1094(a)(3)(C), and verify that schools are accredited, 20 U.S.C. § 1099c(a). One of the title 34 regulations that the proposed law incorporates into the POE that would become mandatory for GI Bill participation appears to implement the statutory requirement that schools enter into an agreement with the Department of Education. See 34 C.F.R. § 668.14. Therefore, it appears that the proposed statute would create standards that could only be met by schools that have met Department of Education requirements, including accreditation, which would effectively eliminate VA's ability to pay benefits pursuant to 38 U.S.C. § 3676. VA is unaware of any indication that this is the intent of the proposed statute and would be happy to work with the Subcommittee to provide technical assistance on the draft bill.

Finally, VA would recommend that the POE requirements be codified in title 38, U.S.C. Otherwise, educational institutions, SAAs, and other stakeholders will have to separately search out those statutorily imposed requirements and may have con-

cerns regarding the official or authoritative source for the statutory requirements and/or confusion as to whether or not a version of the POE they find is the one that was effective on the date of enactment of the subsection.

As a technical matter, VA also notes that the words “Executive Order 13607” appear to have been inadvertently omitted after the word “under” in proposed section 3679(f)(1)(A).

(4) Unnumbered Bill - Authorize State Approving Agencies to carry out outreach activities

The draft legislation would add a new subsection (f) in 38 U.S.C. § 3673, which would authorize an SAA to carry out outreach activities. No additional amounts would be appropriated to perform the outreach activities.

VA supports the intent of the proposed legislation; however, we do not support the bill because we believe it is unnecessary as the SAAs are currently required to perform outreach activities. Section 3672(d)(2) specifies that, in conjunction with outreach services provided by VA under 38 U.S.C. chapter 77 for education and training benefits, each SAA shall conduct outreach programs and provide outreach services to eligible persons and Veterans about education and training benefits available under Federal and State law. VA’s cooperative agreement with SAAs includes tasks such as providing technical assistance, training, and outreach as a function and allots a percentage of time to perform those functions.

VA believes the SAAs are currently fulfilling their compliance and oversight role with educational institutions and have limited funding to engage with individuals for expanded outreach responsibilities. VA currently reimburses SAAs for their work related to outreach events and functions and the travel associated with them. While VA cannot directly pay for outreach materials itself, VA pays an administrative funding based on salary reimbursement under 38 U.S.C. § 3674(b) and these funds may be used for printing, marketing materials, mailings, information technology services, web platforms, etc. It is unclear what additional outreach duties SAAs are being asked to fulfill within this proposed legislation. VA is unsure if the SAAs’ current cooperative agreement funding will support the additional costs to enhance outreach efforts to eligible VA educational assistance students, nor do we believe the SAA offices have the additional manpower to perform an expanded outreach effort.

As a technical matter, we note that this bill would add a new subsection (f) to section 3673. However, the last subsection under section 3673 is currently subsection (d).

No benefits or administrative costs are associated with this bill.

(5) Unnumbered Bill - Legal Services for Homeless Veterans Act

The draft bill would create new 38 U.S.C. § 2022A, which would require VA, subject to the availability of appropriations for such purpose, to make grants or enter into cooperative agreements to eligible entities that provide legal services to homeless Veterans and Veterans at risk for homelessness. VA would have to establish criteria and requirements for grants and cooperative agreements and publish those criteria and requirements in the Federal Register. VA would be required to consult with organizations that have experience in providing services to homeless Veterans in establishing these criteria and requirements. VA could only make grants or enter into cooperative agreements with entities if they (1) are a public or non-profit private entity with the capacity (as determined by VA) to effectively administer a grant or cooperative agreement; (2) demonstrate that adequate financial support will be available to carry out the services for which the grant or cooperative agreement is sought; and (3) agree to meet the applicable criteria and requirements established by VA and have demonstrated the capacity to meet such criteria and requirements. Funds provided under grants or cooperative agreements would have to be used to provide legal services to homeless Veterans and Veterans at risk for homelessness to address legal matters that contribute to the risk of becoming and remaining homeless. VA would have to report once every 2 years on grants and cooperative agreements under this section. To the extent feasible, each report would have to identify the number of homeless Veterans assisted; a description of the legal services provided; a description of the legal matters addressed; and an analysis by VA of the operational effectiveness and cost-effectiveness of the services provided. Subsection (c) would require VA, within 90 days of the date of the enactment of this Act, to establish in the Federal Register the criteria and requirements for grants and cooperative agreements.

As we note in our discussion of H.R. 716, *infra*, legal services remain a crucial but largely unmet need for homeless and at-risk Veterans and generally speaking,

we welcome the opportunity to support the provision of legal services to homeless and at-risk Veterans. However, VA recommends technical edits to the bill language.

First, the bill would authorize VA to make grants to or enter into cooperative agreements with eligible entities to provide legal services to homeless Veterans or at-risk Veterans. We note that VA has not established parameters under which cooperative agreements would be used, so we recommend against including language suggesting this program would be anything other than a grant program. VA has significant expertise in administering grant programs, particularly as a means of assisting homeless or at-risk Veterans. Second, the bill would direct VA to establish criteria and requirements within 90 days of enactment. We believe VA would need to issue regulations to implement this authority appropriately, and 90 days would be an inadequate amount of time to develop effective regulations. We are concerned that if VA were forced to attempt to issue regulations within 90 days, we would be unable to design and build an effective program. We are also concerned about the requirement to consult with organizations that have experience in providing services to homeless Veterans within this timeframe. If VA were provided additional time—for example, 1 year from enactment—VA could consult with such organizations through the standard regulatory process. This also would ensure the general public's awareness and participation in the development of the program, as well as the participation of a broad spectrum of organizations with experience in providing services to homeless Veterans. There are other technical amendments we would recommend, and we would welcome the opportunity to discuss these with the Subcommittee.

We note that H.R. 716 and the draft "Legal Services for Homeless Veterans Act" both address the same issue with slightly different approaches, and we appreciate the Committee's and the sponsors' interest and commitment. While both bills, with the modifications identified in our testimony, could be supported by VA, we prefer H.R. 716 and recommend the Committee advance that bill if it chooses to assist homeless and at-risk Veterans.

We estimate the draft bill would cost \$750,000 in FY 2021, \$779,250 in FY 2022, \$4.05 million over 5 years, and \$8.96 million over 10 years.

(6) Unnumbered Bill - VA Economic Hardship Report Act

This draft bill would require VA to submit to Congress within 1 year of enactment a report on the economic factors that contribute to Veteran suicides. The report would have to identify the number of Veterans: who are homeless; who are housing insecure; living in poverty; who are food insecure; who earn at or below minimum wage; and who have died by suicide or attempted suicide and who are, or were at the time of such suicide or attempted suicide, homeless, in poverty, or food insecure. Not later than 180 days after submitting the report, VA would be required to conduct a study on the link between poverty, food insecurity, housing insecurity, and Veteran suicide.

We fully support the principles and intended result of the bill, because it is consistent with VA's goals and current efforts. The more information we have in terms of the factors that result in Veterans attempting suicide or dying by suicide, the better we can develop effective public health and individual interventions to reduce suicidality. However, we do not support the bill as written. Initially, we note that VA already has the authority to provide information to Congress or conduct research studies, so the bill would provide no new authority in that regard. Additionally, several of the terms used in the draft bill are undefined and several of the provisions in this bill would require information that is not available to VA. We further note that, among the issues identified in the bill, several are not currently available in a timely fashion, and multiple years' worth of information may need to be combined to facilitate appropriate analyses to examine potential associations between the required data elements and the risk of suicide. Similarly, the data sources for socioeconomic factors listed in the bill are de-identified and available only at a population level or as part of a standardized survey; they are not tracked at the individual level. Therefore, any potential association between these factors and Veteran suicide could be examined at a population level but not individually. We note that it is unclear whether the requirement in subsection (b) to "conduct" a "study" means that VA must commence a study or complete a study. If the intent of the bill is for VA to complete a study within 180 days of submitting the report required by subsection (a), this would require either that VA delay the submission of that report or rush a study through the process, compromising its validity and reliability. Also, VA is already supporting research that will improve our understanding of risk factors associated with suicidality, and we are concerned that the approach suggested here could be too narrow to produce meaningful results.

We do not have a cost estimate for this bill.

(7) Unnumbered Bill - Authorize the Secretary to collect overpayments of Specially Adapted Housing (SAH) assistance

The unnumbered bill would provide express authority for the Secretary to collect overpayments made in connection with SAH grants awarded under 38 U.S.C. chapter 21. The SAH program provides grants to eligible Veterans so that they can acquire housing adaptations made necessary by the nature of certain service-connected disabilities. VA's Loan Guaranty Service (LGY) administers the SAH program.

Most eligible Veterans receive SAH grants under 38 U.S.C. § 2101(a) or (b). Grants authorized under section 2101(a) are most commonly used for making homes wheelchair accessible. Grants authorized under section 2101(b) are generally used to mitigate other mobility-related issues throughout homes. Temporary Residence Adaptation (TRA) grants, authorized under 38 U.S.C. § 2102A, are available to Veterans who reside temporarily with family members and need to adapt a family member's home to meet the Veteran's needs. Under 38 U.S.C. § 2102B, housing adaptations necessitated by a Vocational Rehabilitation and Employment (VR&E) rehabilitation plan must be furnished under the SAH program. Since 2016, VA has made SAH Assistive Technology (SAHAT) grant funding available to individuals, researchers, and organizations to develop new technology that will expand home modification options for Veterans and enhance their ability to live in specially adapted homes.

The chapter 21 statutes set forth Veterans' eligibility standards, which include criteria relating to entitlement for compensation under 38 U.S.C. chapter 11, term of military service, nature of disability, legal right to occupy the home, and ability to afford the home. Congress established maximum aggregate amounts of assistance available under section 2101(a) and (b) grants and directed VA to increase such limits to correspond with increases in the residential home cost-of-construction index.

If a Veteran meets the eligibility criteria, it is feasible that the Veteran can live in an adapted home, the property is suitable for adaptation, and the Veteran has not exceeded the usage or dollar limitations, LGY can conditionally approve SAH assistance. Upon conditional approval, a Veteran may incur certain preconstruction costs, e.g., necessary architectural services, land surveys, and legal fees. If construction plans demonstrate compliance with SAH standards and the Veteran enjoys the requisite property interest in the home, LGY can issue a final approval of the SAH grant. In many cases, upon final approval, LGY disburses the grant funds to a third-party escrow agent, as authorized by 38 C.F.R. § 36.4406(b). Also, upon final approval, the Veteran enters into a private contract with a builder to implement the adaptations.

Throughout construction, the SAH Agent continues to assist the Veteran as needed. The SAH Agent also approves the disbursement of grant funds from escrow as the builder completes certain construction milestones. In cases where disputes arise between the Veteran and the builder, the SAH Agent and other LGY personnel attempt to coordinate with both parties such that a favorable result can be accomplished for the Veteran. However, in some cases, Veterans must resort to retaining private counsel to pursue claims against builders. LGY has also encountered other cases where Veterans are unsatisfied with the quality of work provided by builders at early stages of construction. In one such case, a Veteran would not allow the builder to re-enter the home to remedy purported deficiencies and complete the project. In these dispute cases, some portion of SAH grant funds might have already been disbursed to builders or to Veterans. For example, VA's regulation at 38 C.F.R. § 36.4406(b) allows payment of SAH funds directly to a Veteran who incurs certain preconstruction costs. In another case, a builder might receive a disbursement from escrow at the midpoint of a construction process, only to abscond with the funds and never finish the project.

Currently, LGY lacks explicit authority to recover misappropriated SAH funds. In cases where LGY determines that a builder has performed substandard work or absconded with grant funds, LGY can record a Veteran's complaint in the SAH system of record and can also exclude the builder from further participation in SAH projects by issuing a Limited Denial of Participation (LDP) under 2 C.F.R. § 801.1100. LGY can also refer the case to VA's Office of Inspector General and the U.S. Department of Justice. These actions can help to mitigate the risk that such builders will harm other Veterans. However, given the private nature of the contracts between Veterans, builders, and escrow agents, and depending on which entity holds the funds at the time of a dispute, LGY cannot easily recover the grant funds. This is true even in cases where LGY is relatively certain that, for example, a builder performed shoddy work and damaged a Veteran's home.

The unnumbered bill would add a new subsection (f) to 38 U.S.C. § 2102 to authorize the Secretary to collect overpayments when they occur. Subsection (f)(1) would authorize the Secretary to determine whether an overpayment has been made to a person described by subsection (f)(2), as a result of a breach of contract. Subsection (f)(1) would also establish that such overpayments constitute a liability of such persons to the United States. Subsection (f)(2) lists such persons as (A) an individual who applied for SAH assistance, (B) an owner or seller of real estate associated with SAH assistance, (C) a builder, contractor, supplier, tradesperson, corporation, partnership, or person related to or associated with delivery of SAH assistance, (D) an attorney, escrow agent, or financial institution that receives, or holds in escrow, funds directly or indirectly relating to SAH assistance, and (E) a surviving spouse, heir, assignee, or successor in interest of or to, any person described above. Subsection (f)(3) would allow for any overpayment to be recovered in the same manner as any other debt due the United States. Subsection (f)(4) would authorize the Secretary to waive any overpayment as to an individual who applied for SAH assistance. However, such waiver would not release any other person described in subsection (f)(2) from liability. Subsection (f)(5) would expressly provide that recovery of overpayments under subsection (f) would not preclude the imposition of any civil or criminal liability under any other law. Subsection (f)(6) would require that the Secretary define in regulations what constitutes an overpayment under subsection (f), to include, at a minimum, the failure of any person to perform or allow to be performed any SAH work or the failure to compensate any party performing services or supplying goods associated with SAH. Subsection (f)(6) would also require that such regulations include in the definition of "overpayment" any disbursement of SAH funds that, in the sole discretion of the Secretary, constitutes a misuse of such funds. Subsection (f)(7) would require the Secretary to notify a person to which an overpayment was made of the Secretary's finding of such overpayment and to provide a reasonable opportunity for such person to cure or remedy the breach, error, or circumstance that effectuated the overpayment.

While VA suggests several technical amendments to the bill as drafted, generally, VA supports the bill. VA believes that authorizing the Secretary to hold a person listed by proposed 38 U.S.C. § 2102(f)(2) liable for overpayments would deter such parties from unilaterally terminating contracts involving SAH assistance, or otherwise expending grant funds for improper or unauthorized purposes. Currently, VA has little authority to deter such persons from unreasonably breaching contracts involving SAH funds and has no overt statutory authority to recoup such funds. VA's LGY service has encountered several cases where grant funds were misused by SAH participants. For example, in one case a contractor received a disbursement of SAH funds but failed to pay his suppliers, which resulted in a supplier's lien against a Veteran's home and raised the threat of a foreclosure. In another case, a Veteran decided that he no longer wanted to purchase a yet-to-be fully constructed adapted home, after closing the purchase contract and commencement of construction. In that case, approximately \$30,000 had been disbursed from escrow to the builder. The builder had expended some portion of those funds during construction, before the Veteran breached the contract.

The Veterans Benefit Administration's education programs have a clear statutory authorization under 38 U.S.C. § 3685 to collect overpayments made in such programs. Section 3685 provides that whenever the Secretary finds that an overpayment has been made to a Veteran, eligible person, or educational institution, that such overpayment shall constitute a liability to the United States and may be recovered in the same manner as any debt owed to the United States. This bill would provide similar statutory authorization for the SAH program and would enable VA to recoup funds that may otherwise be non-recoverable program costs.

The bill does pose a few issues from a technical perspective. Under proposed section 2102(f)(1), the Secretary's authority to find that an overpayment has been made would be limited to cases involving a breach of contract or administrative error. There could be cases where LGY might seek to recover misappropriated SAH funds where a breach of contract might not have occurred in a strict legal sense. For example, unbeknownst to VA or a Veteran, an SAH builder might purchase building supplies from a supplier on credit. The supplier might attempt to attach a lien to the Veteran's home until the builder repays the supply debt in full, raising the danger of foreclosure. In such a case, the builder would not necessarily be in breach of his informal contract with the supplier, yet the Veteran could be subjected to an elevated foreclosure risk. Additionally, VA is not a party to contracts between the Veteran and the entity that is implementing the SAH assistance, i.e. selling, building, or adapting a home. In cases where VA sees evidence that SAH funds are being misused, VA might not be in a position to know whether a breach of contract has occurred in a strict legal sense. Proposed subsection (f)(6) would mandate that the

Secretary prescribe in regulations what constitutes an overpayment. VA suggests amending proposed section 2102(f)(1) to allow the Secretary discretion to define “overpayment” as including cases beyond those involving breach of contract and administrative error.

As drafted, proposed section 2102(f)(2)(A) would limit the Secretary’s authority to collect overpayments from, in relevant part, an individual who applied for assistance under chapter 21, title 38, U.S.C. However, under 38 U.S.C. § 2102B, implementation of certain VR&E rehabilitation projects, initiated via applications submitted under chapter 31, are provided as SAH assistance under chapter 21. VA suggests an edit that would also allow the Secretary to collect overpayments from individuals who applied for assistance under chapter 31, where such assistance is being furnished under the SAH program.

The bill, as presented, contained a question relating to proposed section 2102(f)(2), namely, whether VA deemed it necessary to explicitly list the persons and entities set forth by subsection (f)(2). VA recommends that the bill specifically enumerates the entities from which VA can collect an SAH overpayment, to avoid an interpretation that such authority is limited to collection efforts against Veterans and builders who misuse SAH funds. In addition to adding the individuals who applied for assistance under chapter 31 as discussed above, VA recommends amending proposed subsection (f)(2)(C) to include builders, contractors, suppliers, tradespersons, corporations, trusts, partnerships, or other persons related to delivery of SAH assistance. The bill also contained a question asking whether VA disburses SAH funds directly to third parties. As mentioned above, in certain cases, VA has authority to disburse SAH funds into an escrow account, managed by a third-party escrow agent. The escrow agent could be, for example, an attorney or a financial institution. Escrowed funds can be disbursed incrementally to Veterans, builders, sellers of real property, or other stakeholders. VA recommends that the bill retain the express authority for VA to collect overpayments from, for example, attorneys, escrow agents, and financial institutions.

Proposed section 2102(f)(4) would provide that the Secretary may waive recovery of any overpayment made to an individual who applied for assistance under 38 U.S.C. chapter 21. VA recommends expanding the waiver authority to cover all persons listed by subsection (f)(2), including Veterans who initially applied for assistance under chapter 31. VA appreciates the opportunity to work with the Committee to address any other technical issues with the draft bill.

Benefit savings associated with this bill are insignificant. No administrative costs are associated with this bill.

(8) Unnumbered Bill - Authorize the Secretary to assist blind Veterans who have not lost use of a leg in acquiring Specially Adapted Housing (SAH)

The unnumbered bill would amend 38 U.S.C. § 2101(a)(2)(B)(ii) to expand eligibility for SAH assistance under section 2101(a) to certain Veterans whose service-connected disability is due to blindness in both eyes, having only light perception. As mentioned above, SAH assistance under section 2101(a) is most commonly used for making homes wheelchair accessible. Assistance under section 2101(b) is generally used to mitigate other mobility-related issues throughout homes.

Under current law, a Veteran can be eligible for section 2101(a) assistance, in relevant part, provided that the Veteran is receiving compensation under chapter 11, title 38, U.S.C., for a permanent and total service-connected disability that is due to (i) blindness in both eyes, having only light perception, and (ii) loss or loss of use of one lower extremity, e.g., a leg. In contrast, a Veteran can be eligible for section 2101(b) assistance, in relevant part, if the Veteran is receiving such compensation for a disability that is due to blindness in both eyes, having central visual acuity of 20/200 or less in the better eye with the use of a standard correcting lens.

If enacted, the bill would expand eligibility for section 2101(a) SAH assistance to certain Veterans whose disability meets the first criterion discussed above, i.e. blindness in both eyes, having only light perception, but does not meet the second, i.e. loss or loss of use of one lower extremity. In other words, a Veteran whose disability is caused solely by blindness in both eyes, having only light perception, could qualify for section 2101(a) SAH assistance, provided that other statutory criteria are met.

VA does not object to the general purpose of the bill. Under current law, a Veteran with blindness in both eyes, having only light perception, but without loss of or loss of use of one lower extremity, might be eligible for SAH assistance under section 2101(b) but might not be eligible for assistance under section 2101(a). The current aggregate dollar limit under section 2101(a) is \$85,645, and the current limit under section 2101(b) is \$17,130. VA’s data suggests that certain Veterans who

qualify for assistance under section 2101(b) but not section 2101(a) are unable to adapt their homes to meet all the needs caused by their service-connected disabilities. VA believes that such Veterans would benefit from expanded access to section 2101(a) grants. VA's review of section 2101(b) grant data for FYs 2016 through 2018 reveals that 155 individual Veterans would have met the expanded criteria for section 2101(a) grants, as proposed by the bill. Of those 155 Veterans, 115 Veterans (74 percent) utilized section 2101(b) grants for the first time. Of those 115 first-use Veterans, 79 Veterans obtained grants in amounts that were within \$1,000 of the aggregate dollar limit for the relevant fiscal year.

As mentioned, the bill would allow certain Veterans with blindness in both eyes, having only light perception, to qualify for SAH assistance under the higher dollar limit of section 2101(a). This would increase the amount of available assistance for such Veterans by \$68,515.

While VA supports increasing the aggregate limits for section 2101(b) grants to assist Veterans with severe blindness, VA is concerned that expanding access under section 2101(a) might be unnecessary. The bill, if enacted, would result in a nearly 500 percent increase in the amount of available SAH assistance for certain Veterans discussed above. VA's data evidences that many blind Veterans, i.e. 76 of the 155 cited above, were able to complete section 2101(b) adaptation projects for less than the current aggregate limit of \$17,130. For those that could not, VA does not yet have data as to the additional amount of funds such Veterans would have needed to fully adapt their homes. However, VA believes that the average difference would be far less than \$68,515, i.e. the amount by which the bill would expand section 2101(a) access for certain Veterans who are blind.

VA supports increasing the amount of SAH assistance available to Veterans with blindness in both eyes, having only light perception, but believes that expanding eligibility under section 2101(a)(2)(B)(ii) is not necessary to accomplish that goal. Rather, VA believes increasing the aggregate dollar limit under section 2101(b) would help ensure that such Veterans are able to fully adapt their homes. VA also finds that more data is necessary to determine the appropriate amount of such an increase and welcomes the opportunity work with the Committee to provide technical assistance relating to this bill.

Benefit costs associated with this bill are estimated to be \$4.1 million in 2020, \$23.0 million over five years, and \$39.8 million over ten years. No administrative costs are associated with this bill.

(9) H.R. 716 - Homeless Veterans Legal Services Act

H.R. 716 would require VA, subject to the availability of appropriations for such purpose, to enter into partnerships with public or private entities to provide general legal services to Veterans who are homeless or at risk of homelessness. The bill further specifies that VA is only authorized to fund a portion of the cost of legal services.

VA supports this bill if amended, as this bill is similar to a legislative proposal in VA's FY 2020 budget request. Each year, the CHALENG survey consistently reveals that many of the top ten unmet needs among homeless Veterans are legal needs. Veterans' lack of access to legal representation to address outstanding warrants or fines, child support matters, driver's license revocation, and other legal matters continues to contribute to their risk of homelessness. As background, we note that the Supportive Services for Veteran Families (SSVF) Program currently allows grantees to enter into partnerships with legal service providers to address legal needs that pose barriers to housing stability. However, this is not a required service under the SSVF regulations and is currently only provided to Veterans through 28 percent of grantees in the SSVF Program.

The consistency of legal issues arising in the CHALENG survey strongly suggests a relationship between Veterans' unmet legal needs and the risk of becoming homeless. The risk of homelessness posed by eviction and foreclosure proceedings is obvious and direct, but other unmet legal needs identified by CHALENG relate to Veterans' homelessness, as well. The inability to obtain a driver's license may render a Veteran unemployable, particularly in communities with few or nonexistent public transportation options. If employed, a Veteran with unpaid child support obligations may receive wages garnished at a rate that threatens his or her ability to retain housing. Child support arrearages can also lead to arrest warrants, and incarceration, even for a brief period, has been shown to be the most powerful predictor of homelessness among adult men. These legal problems can threaten Veterans' mental and physical health, as well as their housing stability, and it is not within VA clinicians' training, scope of practice, or authority to address them directly. The ability to fund the provision of legal services for Veterans would enable VA to take a

more holistic approach to serving Veterans who are homeless or at risk for homelessness; however, we recommend technical edits to the bill language.

Rather than requiring VA to enter into partnerships, H.R. 716 should authorize VA to provide grants to ensure the language reflects a viable funding mechanism that VA could use to execute this new authority; Government funding is typically distributed through grants, contracts, or cooperative agreements. Furthermore, VA recommends removing the phrase “a portion of” from proposed 20 U.S.C. § 2022A(a). This change would allow VA to fund a portion or the entirety of the legal services provided under the partnership, thereby providing VA greater flexibility to support these efforts. VA would like to work with the Committee to make additional minor improvements to H.R. 716.

We estimate this bill would cost \$750,000 in FY 2021, \$779,250 in FY 2022, \$4.05 million over 5 years, and \$8.96 million over 10 years.

Mr. Chairman, this concludes my statement. Thank you for the opportunity to appear before you today. We would be pleased to respond to questions you or other Members of the Subcommittee may have.

Prepared Statement of Patrick Murray

Chairman Levin, Ranking Member Bilirakis, and members of the Subcommittee, on behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, thank you for the opportunity to present our views on these important pieces of legislation.

H.R. 716, Homeless Veterans Legal Services Act

This legislation would require the Department of Veterans Affairs (VA) to enter into partnerships with public and private entities that provide legal services to homeless veterans. The VFW agrees with the intent of this bill, but cannot offer its support at this time.

While the VFW recognizes that legal issues are often a significant barrier to homeless reintegration and must be addressed, we are concerned that some for-profit legal entities would view this program as an opportunity to exploit the availability of government resources in exchange for poor or inadequate services. For this reason, we suggest that the language in this section be changed to allow VA to enter into partnerships with only public or nonprofit private legal entities that provide services to homeless veterans.

Furthermore, this initiative would be duplicative of other federally funded programs. The AmeriCorps Equal Justice Works program, funded by the Corporation for National and Community Service, provides legal services to low-income and homeless veterans across the United States. Equal Justice Works has partnered with numerous nonprofit organizations and educational institutions that provide these legal services. The VFW urges Congress to increase funding for AmeriCorps legal services programs that specifically benefit homeless veterans, and to require coordination between VA and AmeriCorps to improve outreach to homeless veterans.

H.R. 1615, Verification Alignment and Service-Disabled Business Adjustment Act

This legislation would transfer the responsibility of certifying veteran-owned small businesses from VA to the Small Business Administration (SBA). The VFW supports this legislation and has a recommendation to improve it.

Currently, Service-Disabled Veteran-Owned Small Businesses (SDVOSB) are subject to two different certification procedures, depending on the agency with which they contract. To qualify for contracts with VA, SDVOSB must first be verified by VA, which requires a rigorous verification process that has placed onerous regulatory burdens on SDVOSB. However, for the SBA contracts with all other Federal agencies, SDVOSB are allowed to self-certify. Self-certification has permitted businesses not owned by service-disabled veterans to fraudulently receive Federal contracts, which reduces the number of contracts available to bona fide SDVOSB. The Verification Alignment-Service-Disabled Business Adjustment Act would require SBA to certify all SDVOSB applications, which would alleviate regulatory burdens for contracts with VA and help preserve SDVOSB preference for contracts with all Federal agencies.

The verification of service-disabled veteran status by VA required by this bill is unnecessary and could result in delay. It would require VA to first verify an individual's status as a veteran or service-disabled veteran before the SBA can certify a small business. The SBA would then have access to such verifications in a system

created by VA. The creation of this system could require costly technology upgrades to permit communication between these agencies. Furthermore, similar existing inter-agency verification systems have proven unwieldy and cause unreasonable delay for veterans seeking to use VA benefits. Instead of requiring VA to verify an individual's veteran or service-disabled veteran status, applicants seeking small business certification should be permitted to provide SBA with a copy of their Certificate of Release from Active Duty (DD Form 214) and/or VA Benefits Award Summary letter.

H.R. 2924, Housing for Women Veterans Act

The VFW supports reauthorizing the Supportive Services for Veteran Families Grant Program (SSVF). The SSVF program is an incredibly valuable tool in helping veterans get off the streets and stay off the streets. Providing these services is an important way to make sure veterans are afforded the opportunity to maintain a healthy and productive life after service. Reauthorizing the SSVF through 2022 is a common-sense proposal that the VFW wholeheartedly endorses.

H.R. 2227, Gold Star Spouses and Spouses of Injured Servicemembers Leasing Relief Expansion Act of 2019

The VFW supports H.R. 2227 to improve benefits for spouses of injured and fallen servicemembers. This bill would extend home and automobile leasing protections in the Servicemembers Civil Relief Act to ensure spouses of servicemembers who are catastrophically injured or killed in the line of duty are able to terminate their residential, property, and automotive leases without penalty. This bill gives Gold Star spouses and spouses of injured servicemembers the flexibility to move and be with their family members, and reduces the financial burden when a catastrophic event occurs.

H.R. 2618, Portable Certification of Spouses (PCS) Act of 2019

A consistent problem facing military spouses is the recertification for occupational licenses, which can be a lengthy and expensive process. Every two to three years military spouses move to different states and have to be recertified. This has detrimental effects on their promotions, 401Ks, and careers. More than 34 percent of military spouses work in occupations that require state licenses in order to practice. Of those, 56 percent are in health-related occupations, and another 29 percent are in education. The VFW supports this proposal which would amend the Servicemembers Civil Relief Act to provide a guarantee of residency for registration of businesses, improve occupational license portability for military spouses through interstate compacts, and allow the Department of Defense (DoD) to use Federal funds to assist states in generating new universal standards for occupational licenses.

H.R. 561, Protecting Business Opportunities for Veterans Act of 2019

The VFW supports this legislation, which would place certain restrictions on the use of subcontractors by veteran-owned small businesses for procurement contracts with VA. This legislation would merely create parity between veteran-owned small businesses and other small businesses that enter into procurement contracts with the Federal government.

Draft Bill to Amend the Period to Elect to Participate in Chapter 30 Benefits

The VFW supports this proposal to move back the timeline for enrollment in the Montgomery GI Bill. The first few days of recruit training is a chaotic period, and it is not the time to discuss the specific differences between education benefits. According to the DoD, approximately 80 percent of all new servicemembers paid into the Montgomery GI Bill program in 2018. Of those servicemembers, only a fraction utilize the benefit they pay into. The Forever GI Bill is earned through time in service and does not require any money to be paid out of pocket to receive this incredible benefit. While the Montgomery GI Bill can be beneficial to some veterans, it requires a \$1,200 buy-in and in many cases is not nearly as robust a benefit as the Forever GI Bill. Many VFW members have stated if they knew more about the Montgomery GI Bill they may not have opted to pay \$1,200 for a program they would never use. This proposal would allow servicemembers additional time to understand the nuances between the two chapters of the GI Bill, and if they should opt in for both.

Draft Bill to Authorize the Secretary of Veterans Affairs to Collect Overpayments of Specially Adapted Housing Assistance

The VFW understands this proposal to allow for the collection of overpayments made for the Specially Adapted Housing Assistance (SAH) program, if overpayments are made due to breach of contract. The government should be able to recoup the overpaid funds due to breach of contract in the same manner as any other debt due to the United States. However, we oppose the idea of collecting from veterans due to VA administrative errors. If VA is responsible for the error, then veterans should not be penalized for its mistakes.

Draft Bill to Increase the Housing Stipend for Online Students

The VFW supports the intent of this bill and does not think online students should receive only half of the Basic Allowance for Housing (BAH) stipend. However, while we agree with the problem, we do not think this is the best solution. Once the final changes for the Forever GI Bill are implemented, housing stipends will be calculated based on the facility codes for each institution. This proposal could lead to institutions with higher BAH rates targeting military members, veterans, and their families with the offer of more money rather than better instruction. Preparatory institutions could set up locations in major cities with the intent of continuing deceptive practices with an offer of higher housing stipends.

We agree that online students only receiving half the housing stipend is arbitrary and unfair, and we have a suggested alternative. The VFW proposes an option to raise the rates for online students that would be a standard rate based on the national average BAH. This would provide a more standardized rate, and work toward parity for all student veterans.

Draft Bill, GI Bill Access to Career Credentials Act

The VFW supports expanding eligibility of the GI Bill for licensing and credential courses. Tests and preparatory courses to attain certain licenses or credits should be covered under GI Bill eligibility just the same as other vocational or specialty courses.

Draft Bill to Grant Authority of State Approving Agencies to Carry Out Outreach Activities

The VFW supports this proposal to grant the State Approving Agencies (SAA) authority to conduct outreach. The SAAs play a vital role in ensuring compliance and integrity for institutions providing education and instruction to veterans. The SAAs conduct quality checks of programs for usage of veteran benefits, and stay vigilant that institutions continue to provide quality instruction.

Outreach by the SAAs is incredibly important as it informs institutions about the eligibility of VA beneficiaries to attend their programs. We feel SAAs should be able to conduct outreach and bill VA for these efforts. However, while we support allowing SAAs to conduct outreach, we do not feel this goes far enough. We feel there should be a dedicated effort within VA and the SAAs to make this a priority, so individual SAAs can still perform their day-to-day tasks and build up a standing office to conduct outreach and be the liaison between VA and the SAAs.

Draft Bill to Require Educational Institutions to Abide by Principles of Excellence

The VFW supports many provisions within the Principles of Excellence, however, we cannot support this bill as written. This proposal would force underperforming schools to increase their support of student veterans and improve their curriculums. It would also put restrictions on recruiting and false advertising toward servicemembers, veterans, and their families. The VFW encourages every single institution to adopt the Principles of Excellence, but making it a requirement could have unintended consequences. Major institutions that have not adopted these principles, such as Harvard University, University of Florida, Louisiana State University, and others, would lose the ability to enroll GI Bill beneficiaries. The thousands of students enrolled at these high-quality institutions would suddenly not be able to use their benefits to attend school. The Principles of Excellence is something schools should strive toward, but not be mandated.

Draft Bill to Require Certain Educational Institutions Have Letters of Credit

The VFW supports requiring educational institutions facing financial instability to provide letters of credit for Title 38 students. In the past few years, multiple schools attended by thousands of student veterans closed due to financial instability. Institutions deemed financially instable shall provide letters of credit for Title 4, but not Title 38. The VFW believes there should be parity for students attending institutions at risk of closure. It should not be the sole job of VA and the tax payers

to make whole students who were failed by their institutions. The burden should also be placed upon the institution itself.

Draft Bill to Revise Federal Revenue Limits for Proprietary For-Profit Institutions

The VFW supports this proposal to set limits on Federal funds allowed to be received by for-profit institutions. The 90/10 loophole has existed for years, and the VFW believes closing this loophole is a great step in the right direction to help protect servicemembers, veterans, and their families. Currently, schools accepting Title 4 Pell Grants have to abide by the 90/10 ratio of funding from students using Federal funds versus students paying on their own. This bill would close the 90/10 loophole by defining Federal funds to include payments from the GI Bill. The VFW believes this is a straight forward change that aligns all Federal funding for the purpose of the 90/10 ratio.

Draft Bill, Student Veteran Empowerment Act of 2019

The VFW supports sections 2, 4, and 5 of this draft bill, but cannot support section 3.

Section 2 would provide restoration of any months of eligibility lost at an institution that closed if the student cannot transfer credits to another school. A similar measure was included in the Forever GI Bill, but it covered only a certain time period and does not cover current and future students. The VFW supports making this a permanent protection for all student veterans and their families who face school closures.

Section 3 would mandate schools adhere to the Principles of Excellence, and we do not support making that a requirement. At a minimum, we would suggest allowing some lead time for schools to come into compliance, rather than making this requirement effective as of the date of enactment.

Section 4 would require additional oversight of educational institutions placed on heightened cash monitoring status. Requiring the SAAs to perform risk-based investigations would help determine the potential vulnerabilities that student veterans may face while attending these institutions. The VFW thinks this is a good addition to the roles and responsibilities performed by the SAAs, and we support this proposal.

Section 5 would require monthly verification of enrollment for students using Chapter 38 benefits. This would prevent overpayments of BAH and hopefully limit the amount of debt incurred by student veterans. The VFW supports this section of this proposal.

Draft Bill, VA Economic Hardship Report Act

The VFW supports this legislation to require VA to report on economic factors that contribute to veteran suicides. We all must do what is necessary to save the 20 veterans who die by suicide every day. Economic insecurity is a leading cause of suicide among servicemembers and veterans. It is important to review and address such economic factors.

Draft Bill, Forever GI Bill Class Evaluation Act

The VFW supports this proposal to prevent overpayments to schools. Currently, if the school receives payment and a student drops classes, the student is responsible for making sure VA recoups the extra tuition and fees. This proposal would help mitigate that problem by establishing payment schedules and verification dates, and cease payments to students who withdraw.

Mr. Chairman, this concludes my testimony. Again, the VFW thanks you and the Ranking Member for the opportunity to testify on these important issues before this Subcommittee. I am prepared to take any questions you or the Subcommittee members may have.

Prepared Statement of John J. Kamin

Chairman Levin, Ranking Member Bilirakis, and distinguished members of the Committee, on behalf of our National Commander, Brett P. Reistad and our nearly 2 million members, we thank you for inviting The American Legion to testify today.

The American Legion is directed by millions of active Legionnaires who dedicate their time and resources to the continued service of veterans and their families. As a resolution-based organization, our positions are guided by nearly 100 years of advocacy and resolutions that originate at the grassroots level of our organization.

Every time The American Legion testifies, we offer a direct voice from the veteran community to congress.

H.R. 561 - "Protecting Business Opportunities for Veterans Act of 2017"

To amend title 38, United States Code, to improve the oversight of contracts awarded by the Secretary of Veterans Affairs to small business concerns owned and controlled by veterans, and for other purposes.

When a Service-Disabled Veteran-Owned Small Business (SDVOSB) or Veteran-Owned Small Business (VOSB) is awarded a contract under VA's Vets First Program, they are required to perform a certain percentage of the work. However, there is a longstanding problem of improper "pass-throughs" in the program where businesses profit from the contracts while performing little or no because they are subcontracting the work to other companies to complete.

H.R. 561 would require participants in the Vets First Program to certify that they are performing the required percentage of work and directs VA to refer suspected violators to the Office of the Inspector General (OIG) for investigation. Making this a more explicit part of OIG's mission should encourage them to devote more resources to it. This is crucial in light of the Supreme Court decision in *Kingdomware* because essentially every VA small business contract is now set aside for VOSBs/SDVOSBs.

H.R. 561 also directs the VA Secretary to consider whether existing administrative and criminal penalties for fraudulent representation would apply in each case. By protecting VOSBs and SDVOSBs that play by the rules from bad actors that are abusing the system, this bill would improve opportunities for our Nation's veterans. Resolution No. 21: Support Reasonable Set-Aside of Federal Procurements and Contracts for Businesses Owned and Operated by Veterans,¹ supports legislation that will provide assistance to all veterans, including disabled veterans and members of Reserve Components of the United States military to ensure equal opportunity for veterans to start or grow a small business, including establishing numerical goals for all veterans to compete in government procurement.

The American Legion supports H.R. 561 as currently written.

H.R. 716 - "Homeless Veterans Legal Services Act"

To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to enter into partnerships with public and private entities to provide legal services to homeless veterans and veterans at risk of homelessness.

The causes of homelessness can be grouped into three categories: health issues, lack of affordable housing, and economic hardships. The complexity of issues affecting homeless veterans requires a variety of expertise. A full continuum of care - housing, employment training and placement, healthcare, substance abuse treatment, and follow-up case management - depends on many organizations working together to provide services and adequate funding. This diverse network of providers is necessary to address the complicated multifaceted issues associated with homelessness.

Legal issues are often symptomatic of homelessness and the fees associated with them add to an already complicated economic situation for many of our veterans. A variety of relatively routine legal issues can often compound to form seemingly insurmountable reentry obstacles to housing or reemployment.

This legislation, if enacted, would direct the Secretary of the VA to enter into partnerships with entities that provide legal services to veterans. Therefore, extending the network of providers that ensure legal services are made available to this vulnerable veteran population.

The American Legion, through resolution, supports this comprehensive approach to combating veteran homelessness. The American Legion Resolution No. 324: Support Funding for Homeless Veterans, calls for the continued support of public and private sector agencies and organizations that aid homeless veterans and their families.²

The American Legion supports H.R. 716 as currently written.

¹ <https://www.archive.legion.org/handle/20.500.12203/9916>

² <https://archive.legion.org/handle/20.500.12203/5640>

H.R. 1615 - "VERIFICATION ALIGNMENT AND SERVICE-DISABLED BUSINESS
ADJUSTMENT ACT" OR THE "VA-SBA ACT"

To transfer the responsibility of verifying small business concerns owned and controlled by veterans or service-disabled veterans to the Small Business Administration, and for other purposes.

The National Defense Authorization Act for Fiscal Year 2017 included §1832 and §1833, mandating the Federal government adopt streamlined definitions for a service-disabled veteran owned small business (SDVOSB) along with mandating the Small Business Administration (SBA) take regulatory responsibility for matters of certification. Further, President Trump's Administration also signaled the desire to streamline all certification processes by providing a "one-stop shop" within SBA.³ The president's proposal follows The House Small Business Committee's work to reconcile the language in 38 CFR §74 and 13 CFR §125 to protect the integrity of the SDVOSB program. The regulations are aligned, but the processes for veteran small business certification differ between the Department of Veterans Affairs (VA) and the rest of the agencies across the Federal government. This is creating confusion for contracting officers and veteran business owners.

With the streamlining of the regulatory definition and standards for SDVOSBs, The American Legion agrees that SBA should absorb the respective responsibilities of the VA's CVE. The American Legion Resolution No. 155: Support Verification Improvements for Veterans' Business, supports legislation that calls for SBA to assume responsibilities for the verification of service-disabled veteran-owned businesses and veteran-owned small businesses, based on the agency's expertise.⁴

The American Legion believes Congress should finish the work that it began when Congress moved towards a single set of SDVOSB definitions by consolidating the accrediting process to a singular-certifying-agency and end the current form of self-certification at SBA. Lastly, The American Legion believes SBA already possesses the capabilities to have businesses apply for certification through certify.sba.gov. The American Legion calls on Congress to examine using SBA's existing system rather than developing a new system at the cost of millions of dollars to the taxpayer.

Finally, in 2017, SBA wrote in the Federal Register, "In response to the NDAA 2017 changes, SBA is proposing to amend the definitions in §125.11 by incorporating language from VA's regulations and also from SBA's 8(a) Business Development (BD) program regulations." Currently, the SDVOSB program is a set-aside program and not a BD program. In comparison, 8(a) is a business development program where SBA assists small businesses by ensuring they maintain program eligibility. Comparatively, Vets First takes the form of a certification program, where CVE's role is the gatekeeper, determining who is eligible. The two programs may serve similar purposes, but they have different goals. The alignment of the regulations now hold the veteran small business set-aside program to the same standards as the BD programs. As such, veteran small businesses will be subject to that same standard and rigor, but receive none of the benefits and assistance of the BD programs. The American Legion believes that if the standards are the same across the board, then SDVOSBs should receive the same type of assistance as the BD programs. The incorporation of BD elements into the SDVOSB programs is the logical next step and is consistent with regulation alignment with 8(a) language and moving verification to SBA.

The American Legion supports H.R. 1615 as currently written.

**H.R. 2227- "Gold Star Spouses and Spouses of Injured Servicemembers
Leasing Relief Expansion Act of 2019"**

To amend the Servicemembers Civil Relief Act to authorize spouses of servicemembers who incur a catastrophic injury or illness or die while in military service to terminate leases of premises and motor vehicles, and for other purposes.

The Servicemembers Civil Relief Act (SCRA) established financial and legal protections for active-duty servicemembers, including National Guard and reserve members, and their families. It covers a wide range of issues including rental agreements, security deposits, prepaid rent, evictions, installment contracts, credit card interest rates, mortgage interest rates, mortgage foreclosures, civil judicial pro-

³Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations

⁴<https://archive.legion.org/handle/20.500.12203/5497>

ceedings, automobile leases, life insurance, health insurance and income tax payments. SCRA was intended to allow servicemembers to postpone or suspend financial or civil obligations to prevent them from being taken advantage of while on active duty or deployment. However, SCRA failed to extend these protections to include the family of the servicemembers should the military member pass away or be severely injured in the line of duty. This would leave these families bound to leases or other agreements made before the loss of their loved ones.

The American Legion strives to ensure that servicemembers and their families receive the proper care they deserve, especially when the military member has made the ultimate sacrifice for this country. H.R. 2227, The Gold Star Spouses and Spouses of Injured Servicemembers Leasing Relief Expansion Act of 2019, would authorize these Gold Star families to terminate leases and other agreements by extending these financial and legal protections to these families, which they previously had under SCRA while the servicemember was still alive. The American Legion Resolution No. 342: Support and Strengthen the Servicemembers Civil Relief Act urges Congress to amend the SCRA to include protections for members of the Armed Forces and their families.⁵ The Gold Star Spouses and Spouses of Injured Servicemembers Leasing Relief Expansion Act of 2019 is in line with this resolution and the American Legion supports this legislation.

The American Legion supports H.R. 2227 as currently written.

H.R. 2924 - "Housing for Women Veterans Act"

To amend title 38, United States Code, to reauthorize the Supportive Services for Veteran Families Grant Program, and for other purposes.

Since its inception in 2012, the Supportive Services for Veteran Families (SSVF) Program has played an instrumental role in assisting veterans and their families in exiting or avoiding homelessness. Through the granting of funds, the SSVF ensures that private non-profit organizations that provide supportive housing services to low-income veterans are properly resourced. From FY 2012 to FY 2017, the program assisted 419,338 homeless veterans and at-risk veteran families.⁶

This bill, if enacted into law, would reauthorize the SSVF Grant Program for three years, adding an additional 20,000,000 to 2019 levels that is specifically intended for grants to organizations that focus on assisting women veterans and their families. Additionally, the bill directs the Secretary of Veterans Affairs to complete a gap analysis of programs that are designed to provide assistance to women veterans who are homeless and identify potential areas in where these programs are not having their intended effect.

The American Legion, through resolution, has been a firm supporter of the SSVF Program. The American Legion Resolution No. 340: Support Permanent Authorization for the Supportive Services for Veteran Families program calls on Congress to not only reauthorize the program, but to do so permanently.⁷

According to recent studies, among homeless veterans, "9% of men and 30% of women had children in custody."⁸ As a result, it is essential that efforts are made to ensure that the proper resources continue to be allocated to veterans and their families who are homeless, or at-risk of being homeless. Additionally, as the percentage of women veterans grow, it is imperative that studies, like the one being directed in H.R. 2924, are done to ensure that the needs of these veterans are being met.

The American Legion supports H.R. 2924 as currently written.

H.R. 2934 - "GI Bill Access to Career Credentials Act"

To amend title 38, United States Code, to authorize the use of educational assistance under chapter 33 of that title to pay for preparatory courses for professional licenses and certifications, and for other purposes.

Currently, the GI Bill can reimburse the costs of fees associated with licensing and certification exams that are required to enter into, maintain, or advance in a given vocation or profession (e.g., State bar exams, medical board exams, electrician exams, COMPTIA certifications, etc.). However, the GI Bill cannot reimburse the cost of preparatory courses to take such exams, even though the GI Bill reimburses

⁵ <https://archive.legion.org/handle/20.500.12203/5660>

⁶ <https://www.va.gov/homeless/ssvf/docs/SSVF-FY2017-AnnualReport-508.pdf>

⁷ <https://archive.legion.org/handle/20.500.12203/5658>

⁸ <https://www.ncbi.nlm.nih.gov/pubmed/25975888>

fees for both preparatory courses and reimbursement of tests admissions exams (e.g., SAT, ACT, GRE, LSAT, etc.).

Through Resolution No. 338: Support Licensure and Certification of Servicemembers, Veterans and Spouses, The American Legion supports any effort to lower the credentialing and licensing barriers between military and civilian sectors.⁹ However we cannot support this bill due to its lack of articulated training standards. While the legislation would build a new section for preparatory courses for licensure, certification, or national tests (§3315B), it lacks any definitions for approved training providers. This lack of quality control will invite bad actors to exploit the provision by marketing worthless preparatory courses that leave veterans ill equipped for licensing exams.

The American Legion opposes H.R. 2934, and encourages Committee review of the Department of Defense Voluntary Education training provider requirements articulated in 10 U.S.C § 2006a for guidance on established quality control standards.

The American Legion opposes H.R. 2934.

Draft Legislation - “Legal Services for Homeless Veterans Act”

To amend title 38, United States Code, to direct the Secretary of Veterans Affairs to make grants to entities that provide legal services for homeless veterans and veterans at risk for homelessness.

Homeless veterans, and those at risk of being homeless, often lack the most basic essentials: safe and affordable housing, healthcare, subsistence income, and protection from exploitation or violence. Many of their problems have legal dimensions and can be alleviated or resolved with the help of a lawyer.

In 2009, the VA instituted the Veterans Justice Outreach (VJO) Program to reduce and prevent criminal justice recidivism and homelessness among justice involved veterans. As a part of this program, VJO specialists “provide direct outreach, assessment and case management for justice-involved Veterans in local courts and jails and liaison with local justice system partners.”¹⁰

Recent studies have indicated that veterans who accessed free legal services at VA facilities showed improvements in housing status and community integration.¹¹ Some of the most common legal issues that were addressed on behalf of the 950 veterans that participated in the study included housing and VA benefits issues. Providing veterans with a pathway to rectify problems that restrict access to housing and VA benefits is crucial to ensuring that they are on a sustainable trajectory to improved housing conditions.

This legislation, if enacted, directs the Secretary of the Veterans Affairs to make grants to public or non-profit entities that provides legal services to homeless veterans or those at risk of being homeless. 38 U.S.C. § 2022 (c) sets the condition for the establishment of cooperative outreach related partnerships with entities outside of the VA as a part of the Secretary’s outreach plan for homeless veterans. The aforementioned legislation identifies legal services as a key component of cooperative outreach, while this draft legislation works to expand the availability of those services.

The American Legion Resolution No. 324: Support Funding for Homeless Veterans calls on Congress to support “efforts of public and private sector agencies and organizations with the resources necessary to aid homeless veterans and their families.”¹² Providing grants to organizations that provide legal services to justice involved veterans is in keeping with this intent.

The American Legion supports this draft legislation as currently written.

Draft Legislation

To authorize the Secretary of Veterans Affairs to collect overpayments of specially adapted housing assistance.

The Department of Veterans Affairs provides grants to servicemembers and veterans with certain permanent and total service-connected disabilities to help purchase, construct, or modify homes to accommodate their disabilities. One of these grants is the Specially Adapted Housing Grant which was established for veterans

⁹ <https://archive.legion.org/bitstream/handle/20.500.12203/5656/2016N338.pdf?sequence=1&isAllowed=y>

¹⁰ <https://www.va.gov/homeless/vjo.asp#contact>

¹¹ <https://www.healthaffairs.org/doi/10.1377/hlthaff.2017.0759>

¹² <https://archive.legion.org/handle/20.500.12203/5640>

who have a service-connected disability such as a loss, or loss the use of, both legs or the loss of one leg combined with other additional disabilities. In several instances, the Special Adaptive Housing payment program has overpaid veterans who are enrolled in the program. These errors have led to inefficiency in the program and diverted resources which could be otherwise used for additional recipients.

The American Legion supports good accountability and stewardship of American tax dollars and resources. The American Legion also desires a system that increases efficiency and accountability while providing timely and quality benefits to all veterans. However, the American Legion does not support policies that cause financial burdens on veterans and their families. This draft legislation would authorize the government to recoup excess payments made to veterans, spouses, contractors, and builders participating in the Special Adaptive Housing program. It would also require the Secretary of VA to provide a notice to the veteran regarding the overpayments and provide a reasonable opportunity for the person in question to remedy the issue. The American Legion Resolution No. 342: Automatic Waiver for Over-Payment of \$300 or Less supports legislation to allow the Department of Veterans Affairs to grant an automatic waiver for those overpayments of \$300 or less if the claimant requests one and there is no obvious indication of fraud or misrepresentation.¹³

The American Legion supports this draft legislation with changes. The American Legion supports the automatic recoupment of overpayments made of \$300 or less. However, the recoupment of any overpayment to a veteran approved of the Special Adapted Housing should not cause additional financial burden on a veteran if the veteran in question received an overpayment they could not prevent. Therefore, veterans should be provided a reasonable plan to re-pay the overpayment. In addition, they should be notified of their rights to an administrative hearing.

The American Legion supports this draft legislation with the recommended changes.

Draft Legislation

To amend title 38, United States Code, to require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in educational assistance programs of the Department of Veterans Affairs.

The American Legion has grown increasingly concerned over for-profit institutions disproportionately recruiting veterans, and recent numbers from the National Student Clearinghouse have put these numbers in context. Estimated national enrollment at 4-year institutions by sector now shows that only 6% of all American students are attending for-profit institutions, while the VA estimates that for-profit Post-9/11 GI Bill enrollment is over triple this amount, with proprietary institutions accounting for 18.8 percent of all GI Bill beneficiaries.¹⁴ The primary explanation for this disparity is that for-profits are incentivized to target veterans.

Under current law, the percentage of revenue that for-profit schools can receive from Federal financial aid is capped at 90%. The intent was to ensure that for-profits meet a market interest and are not entirely reliant on Federal funding, however, the Post-9/11 GI Bill has provided them a lucrative loophole. Since GI Bill benefits are a Title 38 benefit, they are counted on the “10-side” of the 90/10 calculation. This has been defined as the “90/10 Loophole”, allowing schools to collect Federal funds classified as private revenue.

The American Legion, through Resolution No. 78: Support Greater GI Bill Outcomes by Closing 90–10 Loophole, has expressed support for excluding Department of Defense and VA funds from the 90/10 calculation in order to ensure better quality and student outcomes.¹⁵

This bill provides a common sense solution to this is by calculating Title 38 benefits alongside Title IV student aid in order to eliminate the incentive for for-profit institutions to aggressively target veterans for enrollment.

The American Legion supports this draft legislation as currently written.

¹³ <https://archive.legion.org/handle/20.500.12203/9865>

¹⁴ <https://nscresearchcenter.org/wp-content/uploads/CurrentTermEnrollmentReport-Spring-2019.pdf> pg. 3

¹⁵ <https://archive.legion.org/handle/20.500.12203/6929>

Draft Legislation - “Student Veteran Empowerment Act”

To amend title 38, United States Code, to make certain improvements in the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

Section 2. Charge to Entitlement to Educational Assistance for Individuals who do not Transfer Credits from Certain Disapproved Programs of Education

When a school closes, non-veteran students have Federal protections to support them. Affected students with Federal student loans have the ability to discharge their loans. Students who received Pell Grants can have their eligibility periods reset for the time spent at a closed institution. Through Resolution No. 21: Education Benefit Forgiveness and Relief for Displaced Student-Veterans, the American Legion strongly believes that student veterans should be afforded the same protections as their non-veteran counterparts.

While the Harry W. Colmery Veterans Education Assistance Act of 2017 provided relief to over 6,000 student veterans who were attending ITT Tech and Corinthian Colleges when they abruptly shut down their campuses, the legislation limited relief to only schools that closed between 2015 and 2017. This section would provide benefits reinstatement to all veterans who may be affected by abrupt school closures and VA program disapproval.

The American Legion supports this section.

Section 3. Additional Requirements for Approval of Educational Institutions for Purposes of the Educational Assistance Programs of the Department of Veterans Affairs

This section would mandate that all schools agree to abide by the Principles of Excellence (POE) enumerated by Executive Order 13607, issued by President Obama in 2012 and still in effect. Like the Discussion Draft requiring educational institutions abide by POE, this section would mandate as a condition of approval institutions meet its six criteria.

While the American Legion agrees that the POE needs to be improved to ensure adequate compliance, the immediate affect or POE requirements for all institutions remain concerning. POE has not been difficult for poor-performing schools to sign onto; indeed Argosy University, one of the most recent for-profit school closures was a Principles of Excellence school up until the day its doors shut. While the American Legion advocates for all schools to sign onto POE, it questions whether strong-arming all education institutions into signing is the most effective approach.

Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student’s Education at Institutions of Higher Education¹⁶ resolves that The American Legion support legislation that improves education benefits so servicemembers, veterans, and their families can maximize its usage. The risk that an immediate requirement for all schools to sign onto POE will result in program withdrawals is not one that student veterans should have to bear.

The American Legion does not support this section.

Section 4. Oversight of Educational Institutions Placed on Heightened Cash Monitoring Status by Secretary of Education

This section would mandate that if the Department of Education places an institution on heightened cash monitoring (HCM) status, the Secretary of Veterans Affairs shall provide notice to the corresponding State Approving Agency (SAA) for the purpose of conducting a risk-based oversight visit to the educational institution.

These risk-based visits should not be construed as forensic accounting to supplement Department of Education HCM protocols. Rather the purpose is to leverage SAA expertise to determine if any academic improprieties may be present at the institutions under review.

Resolution No. 304: Support Accountability for Institutions of Higher Learning articulates the need for State Approving Agencies to conduct substantive oversight on institutions of higher learning, and The American Legion applauds this common-sense solution to build inter-department coordination between the Department of Education and the Department of Veterans Affairs.¹⁷

The American Legion supports this section.

¹⁶ <https://archive.legion.org/bitstream/handle/20.500.12203/5635/2016N318.pdf?sequence=1&isAllowed=y>

¹⁷ <https://archive.legion.org/bitstream/handle/20.500.12203/5619/2016N304.pdf?sequence=1&isAllowed=y>

Section 5. Verification of Enrollment for Purposes of Receipt of Post-9/11 Educational Assistance Benefits

This section would mandate that each student veteran or dependent enrolled in the Post-9/11 GI Bill be required to submit to VA monthly verification of their enrollment status for purposes of ensuring accurate benefit processing.

Like the Forever GI Bill Processing Act, this section is designed to lower the potential for education overpayments. Currently, student veterans are beholden to school certifying officials to send their enrollment information to VA on time and accurately. However if the certifying official submits incorrect information overstating credit hours, it will be the veteran who VA targets for overpayment debt collection.

By requiring students to verify their enrollment every month, VA can have close to real-time information on student enrollment status, cutting out the certifying official from monthly reviews and affording them more time for initial certificate of eligibility processing.

While this may be an inconvenience for student veterans, it is not without precedent; to this day the Montgomery GI Bill still requires monthly verification through its Web Automated Verification of Enrollment (WAVE) system.¹⁸ It is no surprise that MGIB has no comparable issues with overpayments.

Through Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education, The American Legion supports legislation to improve the GI Bill so servicemembers, veterans and their families can maximize its usage.¹⁹

The American Legion supports this section.

Draft Legislation

To amend title 38, United States Code, to authorize State approving agencies to carry out outreach activities.

State Approving Agencies (SAAs) were established to ensure veterans and servicemembers have access to a range of high-quality education and training program options while utilizing their GI Bill benefits. The American Legion has championed greater funding for SAAs for many years through American Legion Resolution No. 304: Support Accountability for Institutions of Higher Learning, and was proud to insist on funding increases for them in the Forever GI Bill.²⁰

This draft legislation would amend existing statute to allow SAAs to use funds that are already appropriated to conduct outreach to prospective students, schools and businesses to raise awareness of the benefits of the Post-9/11 GI Bill, with special attention paid to its underutilized apprenticeship and on-the-job-training (OJT) portions. Since 2015, the National Association of State Approving Agencies reports that the number of SAA outreach actions has fallen from 48,075 to only 5,275 in 2018.²¹ This drop corresponds with the VA notifications to SAAs throughout 2015 that clarified outreach was not in statute, and that activities such as visits to military bases and hiring fairs could not be billed. While outreach for GI Bill apprenticeship and OJT programs is commendable, The American Legion is concerned that without additional increases in funding this outreach will be at the expense of potential risk-based program reviews and SAA management.

The nuance of these concerns is expressed succinctly in Resolution No. 304: Support Accountability for Institutions of higher Learning, which resolves to "support legislation to provide additional resources and increased funding for state approving agencies, ensuring continuation of its primary responsibility with focus in reviewing, evaluating, and approving quality programs of education and training, while providing oversight to institutions of higher learning."²² With the emphasized portions in mind, The American Legion cannot support a bill that establishes outreach authority for SAAs due to the risks it may pose to diverting energy from their established primary responsibilities.

The American Legion opposes this draft legislation.

¹⁸ <https://gibill.custhelp.va.gov/app/answers/detail/a—id/7/how-do-i-verify-my-enrollment%3F>

¹⁹ <https://archive.legion.org/bitstream/handle/20.500.12203/5635/2016N318.pdf?sequence=1&isAllowed=y>

²⁰ <https://archive.legion.org/bitstream/handle/20.500.12203/5619/2016N304.pdf?sequence=1&isAllowed=y>

²¹ <http://nasaa-vetseducation.com/getattachment/Home/NASAA—2018—Annual-Report.pdf.aspx>

²² <https://archive.legion.org/bitstream/handle/20.500.12203/5619/2016N304.pdf?sequence=1&isAllowed=y>

Draft Legislation

To amend title 38, United States Code, to extend the time period under which an election must be made for entitlement to educational assistance under the All-Volunteer Educational Assistance Program of Department of Veterans Affairs.

While the Post-9/11 GI Bill is automatically earned over the course of active duty service, new recruits are still provided the option to establish monthly payments to gain eligibility for the legacy Montgomery GI Bill. Despite the Montgomery GI Bill being significantly less generous than the Post 9/11 GI Bill, information from the Consumer Financial Protection Bureau in 2017 revealed that 70% of new Army recruits were opting into the Montgomery GI Bill; and paying \$1,200 for the privilege²³. Currently, recruits are making the decision over the course of initial entry training (IET) with little to no counseling. The base salary for a recruit is only \$20,170, and opting into the Montgomery Bill may not be in their best financial interest.

This draft legislation would forego the decision to opt in or out of the Montgomery GI Bill until 180 days after IET, providing our servicemembers ample time to make informed decisions on their education benefit options. American Legion Resolution No. 335: Support Major Enhancements for the Montgomery GI Bill acknowledges that the current structure and management of the Montgomery GI Bill causes administrative confusion and inequitable allocation of benefits, with the inability of recruits to opt out being the latest example.²⁴ This bill provides a common sense solution to improving the Montgomery GI Bill and the American Legion supports the proposed legislation.

The American Legion supports this draft legislation as currently written.

Draft Legislation

To amend title 38, United States Code, to increase the monthly housing stipend under the Post-9/11 Educational Assistance Program for individuals who pursue programs of education solely through distance learning on more than a half-time basis.

While the Post-9/11 GI Bill has undergone numerous improvements to meet the educational demands of our modern armed forces, it has yet to take into account the proliferation of online learning. While in person training is awarded with a basic housing allowance consistent with localized housing rates, online learning is currently set at \$849.50, regardless of locale.

Despite the education landscape shifting into more online learning, this reduction in BAH clearly incentivizes in-person learning. Many student veterans with family and job commitments do not have the option to attend classes in person, and should not be penalized for fulfilling their family and work obligations. As long as the veterans are meeting their school's requirements for full-time learning, the VA must honor this commitment with a full-time basic allowance for housing.

This bill would remedy this inconsistency by striking the entirety of clause (iii) of 3313(c)(1)(B), which articulates the half-time payment rate for online learning, thereby reverting online payments to the same standards established for in-person learning.

Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education resolves that The American Legion support legislative proposals that improve the Post-9/11 GI Bill so servicemembers, veterans and their families can maximize its usage.²⁵

The American Legion supports this Draft Bill.

Draft Legislation - "Forever GI Bill Class Evaluation"

To amend title 38, United States Code, to provide for a requirement relating to the timing of the payment of educational assistance under the Post-9/11 Educational Assistance Program of the Department of Veterans Affairs, and for other purposes.

A landmark 2015 GAO Report found that out of \$10.8 billion in Post-9/11 GI Bill Benefits dispensed to 800,000 recipients in 2014, over \$416 million was identified

²³ <https://www.consumerfinance.gov/about-us/blog/what-does-coast-guard-know-about-gi-bill-other-services-do-not/>

²⁴ <https://archive.legion.org/handle/20.500.12203/5652>

²⁵ <https://archive.legion.org/bitstream/handle/20.500.12203/5635/2016N318.pdf?sequence=1&isAllowed=y>

in overpayments affecting nearly 200,000 recipients.²⁶ The VA and Congress have diligently worked to address knowledge gaps in school certifying officials that may lead to improper payments, including investing IT funds into training for school certifying officials through the Forever GI Bill, but the potential for continued overpayments is still active due to changes in the veteran's course load between the start of the semester and the school's add/drop date.

This legislation would mandate that schools wait to certify the actual tuition and fee amounts until 14 days after the first day of the quarter, semester or term; the rough estimate for school add/drop dates. This has already been established as a best practice for most institutions in what is called "dual-certification". Under this practice schools initially pre-certify a veteran's enrollment for \$0 before the term begins, which allows VA to start paying housing benefits without delay. The school then recertifies the enrollment with the actual tuition and fees amount after the period to add or drop classes has ended.

The American Legion applauds this prescriptive approach to codifying a best practice. In addition to guiding well intentioned school certifying officials, it also stops the incentive for recruiters at predatory institutions to enroll veterans for fake classes in order for schools to receive maximum tuition payments.

American Legion Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education resolves support for any legislative proposal that improves the GI Bill so that servicemembers, veterans and their families can maximize its usage.²⁷

The American Legion supports this Draft Bill.

Draft Legislation

To amend title 38, United States Code, to require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

Currently, section 498(c) of the Higher Education Act of 1965 requires institutions to submit financial statements to the Department of Education when applying to start participation, to determine compliance annually with the standards of financial responsibility, or to continue participation after a change in ownership, in the various Title IV programs. The common reason why an institution is required to remit a letter of credit is for the Secretary of the Department of Education to gauge the fiscal responsibility of the institutions that receive Federal student aid.

This bill would provide the authority to the VA and state approving agencies to disapprove courses of education at schools that fail to provide letters of credit ensuring institutional financial responsibility. The American Legion holds that the Secretary of the Department of Veterans Affairs should be afforded the same authority for Title 38 benefits. The American Legion Resolution No. 304: Support Accountability for Institutions of Higher Learning supports legislation which provides or improves oversight over institutions of higher education to provide accountably and ensure quality services for veterans and servicemembers.²⁸ This draft legislation is in line with this resolution and the American Legion supports this bill.

The American Legion supports this draft legislation as currently written.

Draft Legislation

To amend title 38, United States Code, to require that educational institutions abide by Principles of Excellence as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

In 2015, President Obama introduced the Principle of Excellence through Executive Order 13607. This order established best-practice criteria for schools to ensure that Federal military and veterans educational benefits programs provide servicemembers, veterans, spouses, and other family members with the information, support, and protections they deserve. The educational institutions opting in agreed to abide by the following guidelines:

²⁶ <https://www.gao.gov/products/GAO-16-42>

²⁷ <https://archive.legion.org/bitstream/handle/20.500.12203/5635/2016N318.pdf?sequence=1&isAllowed=y>

²⁸ <https://archive.legion.org/handle/20.500.12203/5619>

- Provide students with a personalized form covering the total cost of an education program.
- Provide educational plans for all military and Veteran education beneficiaries.
- End fraudulent and aggressive recruiting techniques and misrepresentations.
- Accommodate servicemembers and reservists absent due to service requirements.
- Designate a point of contact to provide academic and financial advice.
- Ensure accreditation of all new programs prior to enrolling students.
- Align institutional refund policies with those under Title IV, which governs the administration of Federal student financial aid programs.

This threshold has not been hard to meet for schools; currently 58% of all institutions have agreed to it.

This draft legislation would vest disapproval of education programs to State Approving Agencies for institutions that have not agreed to abide by the Principles of Excellence. The American Legion is encouraged by the adaptation of the Principles of Excellence, however concerns over adaptation for the remaining 42% of schools preclude our endorsement of these principles serving as a baseline standard for Post-9/11 GI Bill approval. According to the VA's GI Bill comparison tool, 116,782 students attend non-POE schools.²⁹ The American Legion Resolution No. 318: Ensuring the Quality of Servicemember and Veteran Student's Education at Institutions of Higher Education supports legislation or administrative proposals that allows servicemembers, veterans, and their families to maximize the usage of their well-earned educational benefits.³⁰ They should not bear the punishment for attending schools that have not committed to Principles of Excellence. Therefore, the American Legion does not support this bill.

The American Legion does not support this draft legislation.

Draft Legislation - "VA Economic Hardship Report Act"

To direct the Secretary of Veterans Affairs to study the link between certain economic factors and veteran suicides.

Veteran suicide is a severe problem facing the United States today. The latest Department of Veterans Affairs National Suicide Data Report found that more than 6,000 veterans have died by suicide every year from 2008 to 2016. In 2016, the suicide rate was 1.5 times greater for veterans than non-veteran adults.³¹ The Defense Suicide Prevention Office, has published a list of negative life events that increase the risk of suicide. Factors listed include: loss of job, home, money, self-esteem, personal security, being faced with a situation of humiliation or failure, placement into a new and/or unfamiliar environment. These factors are all applicable and may have a profound effect of suicide ideation.³²

The American Legion strives to ensure that our nation's veterans receive the support and assistance they deserve. The American Legion has taken several steps to help combat this crisis and reduce veteran suicide including establishing a Suicide Prevention Program on May 9, 2018 to study, develop, and encourage best practices in veteran programs. The American Legion's Veterans Affairs & Rehabilitation Division also published a white paper report titled, "Veteran Suicide".³³ This report describes causes, risk factors, and protective factors of veteran suicide, as well as the American Legion's concerns and recommendations regarding this tragic national issue.

The VA Economic Hardship Report Act would require the Secretary of Veterans Affairs to submit a report detailing the economic factors which contribute to veteran suicides to include poverty, food insecurity, and housing insecurity. This would be followed by a study between these economic factors and their correlations with veteran suicides. The American Legion Resolution No. 20: Suicide Prevention Program urges the Legion to examine recent trends of veteran suicide and analyze best practices in order to encourage their adoption by government agencies.³⁴ The VA Economic Hardship Report Act is in line with this resolution and the American Legion supports this draft legislation.

²⁹ <https://www.va.gov/gi-bill-comparison-tool/>

³⁰ <https://archive.legion.org/handle/20.500.12203/5635>

³¹ <https://www.legion.org/legislative/testimony/245512/tragic-trends-suicide-prevention-among-veterans#—ftnref1>

³² <https://www.dsps.mil/About-Suicide/Risk-Factors/>

³³ <https://www.legion.org/publications/242424/veteran-suicide-white-paper>

³⁴ <https://archive.legion.org/handle/20.500.12203/9286>

The American Legion supports this draft legislation as currently written.

CONCLUSION

Chairman Levin, Ranking Member Bilirakis, and distinguished members of the Subcommittee, The American Legion thanks you for your leadership on this matter and for allowing us the opportunity to explain the position of our nearly two million members. Questions concerning this testimony can be directed to Mr. Jeffrey Steele, Senior Legislative Associate, in The American Legion's Legislative Division at (202) 861-2700, or jsteele@legion.org.

Prepared Statement of Colonel Robert F. Norton

Chairman Levin, Ranking Member Bilirakis, and Members of the Committee:

Thank you for the opportunity to provide input on pending legislation. Veterans Education Success (VES) is a non-profit organization that works to advance higher education success for all military-affiliated students, and provides free counseling and legal assistance to students using their GI Bill and military benefits.

We greatly appreciate the dedication and hard-work the Subcommittee has put into these crucial pieces of legislation. We believe that many of these bills are excellent and vitally needed to help veterans, servicemembers, and their families successfully utilize their hard-earned GI Bill benefits.

We are pleased to offer the following comments regarding the bills being introduced:

Draft Legislation to require that educational institutions abide by Principles of Excellence

VES strongly supports this bill, which would align the Department of Veterans Affairs' (VA) with the Departments of Defense (DoD) and Department of Education (ED) by codifying VA's Principles of Excellence. This bill would give VA clear authority to ensure schools are abiding by VA's Principles of Excellence for institutions of higher education.

Currently, VA's Principles of Excellence are only voluntary, making them unenforceable by VA. In contrast, DoD and ED currently have contractual power to cut off schools that fail to abide by their requirements. ED requires institutions receiving Federal student aid to sign a "Program Participation Agreement."¹ Signing the agreement means a school certifies it will comply with statutes, regulations, and policies, including financial responsibility standards and program integrity rules such as refraining from making "substantial misrepresentations" to recruit students. These agreements empower the Secretary of Education to revoke a school's eligibility or impose limitations on a school's participation in Title IV.

Similarly, DoD requires institutions participating in Tuition Assistance to sign a "Memorandum of Understanding" (MOU). This MOU specifies rules and prohibitions related to deceptive recruiting and other practices, and explicitly incorporates ED's program integrity requirements. These requirements apply to the school itself, as well as to agents like third party lead generators, marketing firms, and companies that own or operate the school. DoD also prohibits aggressive recruiting, including prohibiting schools from making three or more unsolicited contacts (phone, email, in-person) to a servicemember or engaging in same-day recruitment and registration.

We strongly support this bill and offer several suggestions for the Subcommittee to further improve this bill:

- Update the Principles of Excellence to include quality metrics and more current standards for schools to abide by, to ensure military-connected students using GI Bill benefits are provided sufficient value. (Alternatively, the Subcommittee could direct VA to undertake a process to update the Principles of Excellence in conjunction with input from stakeholders).
- Give VA guidance in determining what constitutes a violation of the Principles of Excellence, as many instances may be murky. For example, the Subcommittee could direct the VA Secretary to consider such factors as Federal or state agency punitive action or legal action against a school; the existence of a final court or administrative judgment against the school; whether a school's

¹U.S. Department of Education, Sec. 668.14 Program Participation Agreement, December 31, 1999, available at <https://ifap.ed.gov/regcomps/doc4072—bodyoftext.htm>.

accrediting agency has taken punitive action against the school or raised questions about the school's validity (such as probation, a show-cause order, or requiring a teach-out plan for closing); whether the US Securities and Exchange Commission (SEC) has taken actions taken against a publicly traded college or de-listed its stock; and whether student complaints filed on the GI Bill Feedback system suggest a pattern of school violation of one of the Principles of Excellence.

- Give VA intermediate authority (cutting off new enrollments rather than both current and new enrollments) where the violation is not egregious. For example, the Subcommittee could add language authorizing VA to also “suspend approval of new enrollments, depending on the Secretary’s discretion.”
- Provide VA an implementation process, such as: “VA shall post a caution flag and notify the institution it has 30 days to come into compliance; if the school is still not in compliance after 30 days, VA shall suspend new enrollments; if the school is still not in compliance after 90 days, then the Secretary shall disapprove all enrollments.”
- Regarding lead generators, rewrite the language (at page 3 line 1) to read “has a contractual relationship with the institution,” because lead generators do not “own” schools but rather have a contractual relationship with them. Similarly, we encourage the Subcommittee to address the problem of for-profit conversions by adding “or any entity that owns an educational institution” (on page 2, line 25).
- Section 2.B.ii.II, banning incentive compensation, may be superfluous because similar language was enacted by the Committee in 2012 as PL 112–249, Sec. 2. But we defer to the Subcommittee on the necessity of including this provision.

We suggest the Subcommittee work to merge this bill with section 3 of the draft Student Veteran Empowerment Act, also before the Subcommittee today.

Draft Legislation: “Student Veteran Empowerment Act”

Veterans Education Success strongly supports this bill.

Section 2: Restoration of GI Bill for Closed Schools:

We strongly support this provision, which would give full GI Bill restoration to all veterans at closed schools and disapproved schools.

Importantly, this bill would give GI Bill students parity with non-veteran students. Veterans should have the same rights as their non-veteran peers. At ED, students are entitled to reinstatement of their Pell Grants and forgiveness of their student loans if their school closed while they attended or within 120 days of their attendance.

VES has the following suggestions to strengthen this section:

- Make restoration of benefits retroactive to cover veterans who might fall through the cracks because their schools closed between August 16, 2017 (the date the Colmery Forever GI Bill became law), and the enactment of this bill.
- Specify that GI Bill restoration is not available to veterans who transfer “to a comparable course” at a new school.
- As currently written, the bill implies the veteran loses out on GI Bill restoration if he transfers even one credit out of 30 total credits. We suggest adding a threshold minimum number or percent of transferred credits before the veteran loses out on full restoration. The Subcommittee could also offer proportional restoration based on the number of credits transferred. We also suggest the Subcommittee add a time limit on the transfer window (e.g., if the veteran hasn’t transferred credits within 6 months of the school closing).
- Give student veterans the same rights as those using ED’s Title IV funds by restoring GI Bill benefits for beneficiaries who were defrauded by their school. Significant law enforcement evidence exists documenting fraud against veterans by bad actor colleges.² At ED, students receive forgiveness of their student loans if their school took out loans in their name without their permission or signed their name without their knowledge (“False Certification”), wrongly en-

²See Law Enforcement Actions against Predatory Colleges, Veterans Education Success, available at <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5acba2540e2e72f4e5d5d067/1523294804610/Law+Enforcement+List.FINAL.pdf> ; 20 state Attorneys General letter to Chairman Bobby Scott detailing recent actions taken by the states, April 22, 2019, available at <http://www.marylandattorneygeneral.gov/News%20Documents/042419-Letter—for—profit—colleges.pdf>.

rolled students in a program they could not benefit from (“Ability to Benefit”), or deceived them (“Borrower Defense”).

Section 3: Additional Requirements for Approval of Educational Institutions:

We strongly support this section, which would add additional requirements for VA approval of accredited educational institutions. This would keep GI Bill funds from flowing to schools that other Federal agencies have found to be acting in a fraudulent manner.

We suggest the Subcommittee work to merge this bill with the Principles of Excellence bill also before the Subcommittee today.

We have the following suggestions to strengthen this bill:

- Strengthen subparagraph (4) to require not only that the program be eligible for Title IV, but also that the program be actually approved by ED and operating under a Title IV Program Participation Agreement. This ensures helpful oversight by ED of the school’s financial stability and program integrity. The Subcommittee could do this by mirroring Congress’ language in 10 USC § 2006a: “and has entered into, and is complying with, a Program Participation Agreement under section 487 of such Act (20 U.S.C. § 1094).”³ In addition, it would be prudent to mirror the DoD MOU for schools, which explicitly requires that an institution be in compliance with program integrity requirements consistent with sections 668.71 through 668.75 and 668.14 of Title 34, Code of Federal Regulations “..... and refrain from high-pressure recruitment tactics such as making multiple unsolicited contacts (3 or more)... and engaging in same-day recruitment and registration.”⁴
- Strengthen subparagraph (5) by clarifying definitions and a process for VA to handle schools that violate the Principles of Excellence, as suggested above for the Principles of Excellence bill.
- We note that some of our Veteran Service Organizations (VSO) partners are worried that some high-quality schools may not sign on to the Principles of Excellence. We would not oppose the addition to subparagraph (5) of a timeline and process by which VA could collaborate with highly-regarded schools to ensure their participation. We also would support revisions to the substance of the Principles of Excellence, to ensure they protect student veterans and weed out predatory schools while not presenting obstacles to high-quality, highly-regarded schools.
- Consider requiring private schools to charge VA a tuition that is no more than double the amount the school spends on student instruction. Congress previously required public colleges to charge VA no more than the in-state tuition rate for all veterans - even out of state veterans. Similarly, the Subcommittee could require all private colleges (or simply all colleges) to cap the amount they charge VA for tuition to no more than double the amount the school actually spends on the student’s instruction. Currently, some colleges redirect GI Bill dollars away from student education and towards unscrupulous spending on things like deceptive, late night TV ads. Of the ten colleges receiving the most Post 9/11 GI Bill tuition payments from Fiscal Years (FY) 2009–2017, totaling \$5.4 billion, seven spent less than one-third of students’ tuition and fees on education. These same schools produced graduation rates lower than 28% and only half of those who graduated earned more income than a high school graduate.⁵
- Close a loophole in 38 U.S.C., § 3676 (“Career Ready Student Veterans Act”) by inserting “specialized” before “accrediting agency” in paragraphs (14)(B) and (15)(B). The Career Ready Student Veterans Act forbids GI Bill approval of programs that leave graduates ineligible for licensing in occupations that require a license (such as registered nurses and electricians). Congress’ goal was to ensure GI Bill benefits are not wasted on a program where the graduate is ineligible for the job he thought he trained for. A 2018 VES report found that the Act’s intended ban had a loophole regarding law schools not approved by the

³ See 20 U.S.C. § 1094.

⁴ See DoD MOU Between DoD Office of the USD (P&R) and Educational Institution and Service-Specific Addendums, available at <https://s3.amazonaws.com/dodmou/dodmouWeb/site/documents/DoDMOU+3+SAMPLE+July+10+2015.pdf>

⁵ Veterans Education Success, Should Colleges Spend the GI Bill on Veterans’ Education or Late Night TV Ads? And Which Colleges Offer the Best Instructional Bang for the GI Bill Buck?, April 19, 2019, available at <https://vetsedsuccess.org/research-and-reports/vses/should-colleges-spend-the-gi-bill-on-veterans-education-or-late-night-tv-ads-and-which-colleges-offer-the-best-instructional-bang-for-the-gi-bill-buck/>.

American Bar Association (ABA).⁶ Many such law schools operate in California, many of them online. GI Bill students who graduate from one of these law schools are generally not able to practice law in their state of residence. The General Counsel for California's State Approving Agency (SAA) concluded that the wording of the Career Ready Student Veterans Act did not specifically call for accreditation by a "specialized" accreditor, such as the ABA. Rather, the statute specifies only that a school must be accredited by an organization recognized by the Secretary of Education. Because law schools not recognized by the ABA may nevertheless be part of a larger university that has institutional accreditation by an organization recognized by the Secretary, the California SAA's General Counsel directed its SAA that the Career Ready Student Veterans Act ban was unenforceable against these unrecognized law schools.

Section 4: Oversight of Educational Institutions Placed on Heightened Cash Monitoring Status by Secretary of Education:

We strongly support this section, which would require SAAs to perform risk-based oversight of any school under Education Department monitoring or US Justice Department (DOJ) or Federal Trade Commission (FTC) legal action for misleading students. This bill is needed to ensure SAAs undertake proper risk-based program reviews, especially in the aftermath of high-profile DOJ and FTC legal action against schools in recent years, without proper review by SAAs of the appropriateness of continued VA approval of the schools.

In December 2018, the VA Office of Inspector General (OIG) conducted an audit of the VA and SAAs, concluding VA could waste an estimated \$2.3 billion over the next 5 years in GI Bill funds flowing to schools that should not be approved.⁷ The OIG highlighted the problem of colleges that utilize potentially misleading, deceptive, or erroneous advertising practices.⁸ Yale Law School raised similar concerns in its report, "VA's Failure to Protect Veterans from Deceptive College Recruiting Practices."⁹

We offer the Subcommittee the following recommendations to strengthen the bill:

- Add time limits, to ensure there are not lengthy delays. For example, the Subcommittee could require the Secretary to alert SAAs "within 30 days" and could require the SAA to complete the risk-based review "within 90 days."
- Clarify what is entailed in an SAA "oversight visit" to ensure the SAA undertakes a thorough review to protect GI Bill funds.
- Expand the triggers for SAA review beyond DOJ and FTC legal action for "misleading marketing status." If DOJ sues a school for defrauding the Federal government (but not for misleading marketing), as it did in the case of Education Management Corporation,¹⁰ or if DOJ sends the owners of a college to jail for defrauding ED, as it did in the case of American Commercial College,¹¹ or if ED cuts off a school entirely for stealing Federal student aid, as it recently did with Argosy, it would be prudent for the Subcommittee to require careful SAA review. None of these cases involved "misleading marketing," but it would nevertheless be prudent for the Subcommittee to require careful examination of such colleges' trustworthiness to receive VA funds.

Similarly, it would be prudent for the Subcommittee to require careful examination following any official state or action against a school, such as when a state agency halts new enrollments or revokes the certificates of 22 programs offered by a school, as the Texas Workforce Commission did after finding American Technical

⁶Veterans Education Success, Despite a 2016 Statute, the GI Bill Still Pays for Degrees that Do Not Lead to a Job, December 2018, available at <https://vetsedsuccess.org/research-and-reports/ves/ves-report-despite-a-2016-statute-the-gi-bill-still-pays-for-degrees-that-do-not-lead-to-a-job/>; see generally Veterans Education Success, The GI Bill Pays for Degrees that Do Not Lead to a Job, September 2015, available at <https://vetsedsuccess.org/research-and-reports/ves/the-gi-bill-pays-for-degrees-that-do-not-lead-to-job/>.

⁷Department of Veterans Affairs, Office of the Inspector General, VA's Oversight of State Approving Agency Program Monitoring for Post-9/11 GI Bill Students, December 3, 2018, available at <https://www.va.gov/oig/pubs/VAOIG-16-00862-179.pdf>.

⁸Id.

⁹Yale Law School Veterans Legal Services Clinic, Memorandum Re: VA's Failure to Protect Veterans from Deceptive Recruiting Practices, February 26, 2016, available at <https://law.yale.edu/system/files/area/clinic/document/vlsc-ves-memo.pdf>.

¹⁰UPI News, "For-Profit College Must Pay \$200M to Forgive Student Loans, Pay Settlement," (Nov. 17, 2015), available at <https://www.upi.com/Top-News/US/2015/11/17/For-profit-college-must-pay-200M-to-forgive-loans-pay-settlement/7611447773298/>

¹¹Department of Justice Press Release, American Commercial Colleges, Inc. And Its President Sentenced On Federal Charges, October 2, 2014, available at <https://www.justice.gov/usao-ndtx/pr/american-commercial-colleges-inc-and-its-president-sentenced-federal-charges>.

College had willfully filed false job placement numbers.¹² More recently, a bipartisan group of 49 state Attorneys General sued Career Education Corporation for operating colleges that defrauded students.¹³ Similarly, some states have cut off schools for fraud. State action, alone, should warrant at least some examination of a school's trustworthiness to receive VA funds.

We respectfully urge the Subcommittee to add the following triggers for careful oversight by SAAs:

- Law enforcement action against a school or its owners;
- Federal, state, or local government action against a school or its owners;
- Final court or administrative judgment against a school or its owners;
- Accrediting agency action against a school (e.g., probation, a show-cause order, or a teach-out plan);
- SEC action against a publicly traded school (including delisting its stock);
- VA OIG audit or investigation concerns;
- More than 50 student complaints on the GI Bill Feedback System;
- Poor outcomes for students, especially schools that leave students with abysmal job placement rates and earning less than a high school graduate; and
- Extremely low percent of tuition spent on actual student instruction, with most GI Bill funds being diverted away from veterans.
- Authorize the VA Secretary to act immediately to suspend enrollments, without SAA review, if there has been egregious behavior. For example, when ED determined that Argosy had stolen Title IV funds and immediately cut off the school, VA expressed that it lacked authority to act in the wake of the ED's action, thereby leaving VA funds at risk.
- Add caution flags on the GI Bill Comparison Tool so student veterans may be better informed. Ideally, the Subcommittee would also add a risk-index to the GI Bill Comparison Tool so that students are aware of schools that pose a risk to their benefits.
- Strengthen the existing ban on deceptive and misleading advertising and recruiting in 38 USC § 3696. In December 2018, the VA's OIG reported that VA could waste an estimated \$2.3 billion in improper payments to ineligible programs over the next 5 years.¹⁴ The risk was particularly high at schools that appeared to be in violation of 38 USC § 3696, and the OIG expressed concern that VA is not adequately implementing § 3696. Yale Law School raised the same concern in its report, "VA's Failure to Protect Veterans from Deceptive College Recruiting Practices," as did VSOs and MSOs in two letters to the Secretary.¹⁵ The statute could be clarified and strengthened by amending it to:
 - Define "preliminary findings" in 38 U.S.C. § 3696(c) as "Any federal, state, or local government lawsuit, or any qui tam legal action";
 - Clarify "erroneous, deceptive or misleading" in 38 U.S.C. § 3696(a) by including automatic triggers (e.g., any Federal or state evidence of consumer protection violations; a final court or administrative judgment following a lawsuit for misleading or deceptive recruiting; or a threshold of student complaints filed);
 - Provide VA with a strict timeline to act (e.g., "must undertake review within 90 days of learning of a law enforcement investigation or receiving student complaints");
 - Address VA's fear of disrupting current student enrollments by adding an option for barring "new enrollments" (vs. current enrollments);

¹²Forbes, "For-loss education: How investors, lenders stand to lose everything in ATI Enterprises," January 17, 2013, available at <https://www.forbes.com/sites/spleverage/2013/01/17/for-loss-education-how-investors-lenders-stand-to-lose-everything-in-ati-enterprises/#5da6453f374d>; US Senate Committee on Health, Education, Labor and Pensions, "For-Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success" (2012).

¹³Iowa Attorney General Press Release, For-profit school to forgo collecting loans, change practices in agreement with Miller, 48 AGs, January 3, 2019, available at <https://www.iowaattorneygeneral.gov/newsroom/for-profit-school-education-cec-career-ags-intercontinental/>.

¹⁴Department of Veterans Affairs, Oversight of State Approving Agency Program Monitoring for Post-9/11 GI Bill Students, December 3, 2018, available at <https://www.va.gov/oig/pubs/VAOIG-16-00862-179.pdf>.

¹⁵See Letter to VA Secretary (Feb. 14, 2019), available at <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5c6db4db1905f4690dd06f8f/1550693596300/VSO+Letter+to+VA+Secretary-1.pdf>; Letter to VA Secretary (May 16, 2016), available at: <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5744bdfc2eeb81f2ceb68358/1464122877006/VSO+MSO+Letter+to+VA+Secretary+re+GI+Bill+oversight.Signed+%281%29.pdf>.

- Reassure VA about student relief by citing “student relief shall be in accordance with Forever GI Bill Colmery Act”; and
- Explicitly empower SAAs to cut off schools that are in violation of 3696, as SAAs currently believe they lack authority to act.

Section 5: Verification of Enrollment for Purposes of Receipt of Post-9/11 Educational Assistance

We support this section of the bill that requires monthly verification of Post-9/11 GI Bill enrollment, as the Montgomery GI Bill (MGIB) already does. The US Government Accountability Office (GAO) recommended exactly this solution (monthly verification of Post-9/11), as one of its eight recommendations, to solve the problem of GI Bill overpayments, which cost \$416 million in FY 2014, affecting one in four GI Bill students.¹⁶ Currently, veterans incur significant amounts of overpayments between the time the student drops a course and the verification occurs much later. This has a negative impact on veterans as well as on taxpayers.

We offer the following suggestion to strengthen this bill:

- Consider shifting the monthly reporting burden from students to the schools, a process schools already do regularly for students using Title IV student aid.

Draft Legislation authorizing VA to require Letters of Credit

VES strongly supports this bill, which would give VA Letter of Credit authority similar to ED’s, allowing VA to collect money from a failing school’s line of credit, to help cover GI Bill restoration. This bill would thereby ease the burden on taxpayers to fund the cost of restoring GI Bill benefits to veterans at colleges that suddenly close or are disapproved.

By enabling VA to have the funds to cover benefit restoration for VA students, this bill also would enable parity for VA students with students at ED. Currently, veterans at closed and disapproved schools are entitled to restoration of only the current (interrupted) term of GI Bill benefits (except for schools that closed from 2015 to August 16, 2017, such as ITT Tech and Corinthian, for whom the Forever GI Bill provided full restoration of benefits).¹⁷

In contrast, ED provides the following protections to students receiving Federal student aid:

- Reinstatement of their Pell Grants;¹⁸
- Forgiveness of their student loans if their school closed while they attended or closed within 120 days of their attendance and if they do not transfer their credits to a similar program;¹⁹
- Forgiveness of their student loans if their school took out loans in their name without their permission or signed their name without their knowledge (“False Certification”) or wrongly enrolled them in a program they could not benefit from (“Ability to Benefit”);²⁰ and
- Forgiveness of their student loans if their school deceived them (“Borrower Defense”).²¹

ED pays for these student protections, in part by requiring “Letters of Credit” (guaranteed by a bank or financial institution) from colleges. ED requires such Letters of Credit for assorted reasons, including financial stability; letters of credit range in amount from 10% of the Federal student aid received by the school to a higher percentage.²² The letters protect students and taxpayers from having to

¹⁶U.S. Government Accountability Office, Post 9/11 GI Bill: Additional Actions Needed to Help Reduce Overpayments and Increase Collections, October 2015, available at <https://www.gao.gov/assets/680/673230.pdf>.

¹⁷See Department of Veterans Affairs, Restoration of Benefits After School Closure or if a School is Disapproved for GI Bill Benefits, available at <https://www.benefits.va.gov/gibill/fgib/restoration.asp>.

¹⁸See U.S. Department of Education, October 28, 2016, available at <https://www.help.senate.gov/imo/media/doc/ED%20response%20to%20Senator%20Murray.pdf>.

¹⁹See If your school closes while you’re enrolled or soon after you withdraw, you may be eligible for discharge of your Federal student, available at <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/closed-school>.

²⁰See Department of Education, “In certain situations, you can have your Federal student loan forgiven, canceled, or discharged,” available at <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation#false-certification>.

²¹See Department of Education, “Borrowers may be eligible for forgiveness of the Federal student loans used to attend a school if that school misled them or engaged in other misconduct in violation of certain laws,” available at <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/borrower-defense>.

²²See Department of Education, “Financial Responsibility Standards Requiring a Letter of Credit,” available at <https://studentaid.ed.gov/sa/about/data-center/school/loc>.

cover liabilities caused by a school. If the school closes, ED may draw funds from the credit to cover expenses, such as Pell Grant restoration and student loan cancellation costs.

VES has the following recommendation to strengthen this bill:

- As drafted, the bill requires VA to review schools' financial stability. We are concerned VA lacks the bandwidth and expertise to study school financial stability. In contrast, ED maintains a team of experts dedicated to studying the financial stability of schools. Therefore we urge the Subcommittee to remove the burden from VA by turning the bill into a simple trigger mechanism in which VA would be prompted by an ED decision: If ED has determined a school is not financially stable and should post a letter of credit worth 10% of Title IV funds received by the school, then VA should be automatically triggered to similarly require the school to post a letter of credit worth 10% of GI Bill funds received by the school. In this way, VA (and the taxpayers funding the GI Bill) would have the same authority as ED with access to bank-guaranteed funds to cover liabilities caused by a school closure.

Draft Legislation: "Forever GI Bill Class Evaluation Act"

VES supports this bill, which would defer disbursement of GI Bill payments until 14 days after the start of the academic term. This bill would address two problems: It would stop the incentive for recruiters at low-quality, predatory schools to target veterans, and it would address the problem of GI Bill overpayments.

Currently, VA disburses GI Bill tuition to a school for the entire term after a student sits for just 1 day of class. If students drop out after the first day, the school still gets the tuition and fees for the entire term. This incentivizes predatory schools to use deceptive tactics to convince military-connected students to sit for just 1 day. This "Just 1 Day" mentality leads unscrupulous schools to focus primarily on convincing a veteran to enroll, rather than on the academic success of their students. Many such schools explicitly adopt a business model called "churn," in which they plan for students to drop out quickly, so they focus on quick and short enrollments. This causes significant waste, fraud, and abuse of a student's hard-earned education benefits and taxpayer dollars. Passage of this bill would stop schools from receiving a veteran's entire term of GI Bill benefits after just one day of classes. It would require schools to demonstrate sufficient quality so that students do not drop out in the first 14 days.

This bill also would provide a grace period for students as they navigate the "add/drop period" at the beginning of a term so they can choose their classes and determine their course load. This would enable veterans to figure out how many classes they can manage during a semester, rather than signing up for too many credits. It would also help solve the problem of GI Bill "overpayments," in which VA has paid out more in tuition and fees than the student's course load requires. GAO reported that GI Bill overpayments cost \$416 million in FY 2014, affecting one in four GI Bill students.²³ A major cause of GI Bill overpayments is the way VA pays out the full term of GI Bill after a veteran sits for just one day of class. Should a student using GI Bill benefits withdraw from classes after that first day, the school has already accrued the entire term of GI Bill funds, creating an "overpayment" of GI Bill funds by VA.

In contrast, ED prorates the amount of tuition the school has "earned" during the term, up until 60 percent of the semester has passed (after the 60 percent cutoff, a school is viewed as having earned 100 percent of the term of Title IV funds). ED handles overpayments by adjusting future disbursements to reflect past overpayments.

VES has the following recommendation to strengthen the bill:

- To further address the problems of GI Bill overpayments identified by GAO: Because schools receive GI Bill tuition payments directly from VA, we urge the Subcommittee to direct VA to collect tuition overpayments from the schools, not the students. Currently, VA claws back GI Bill tuition overpayments from students, not from schools, even though the school received the tuition payments.²⁴ This policy places the veteran in the position of having to come up with tens of thousands of dollars in cash to pay VA for an overpayment, even though the student never handled a dime of that tuition money. To recoup GI Bill overpayments from students, VA currently can garnish a veteran's tax returns and

²³ U.S. Government Accountability Office, Post 9/11 GI Bill: Additional Actions Needed to Help Reduce Overpayments and Increase Collections, October 2015, available at <https://www.gao.gov/assets/680/673230.pdf>.

²⁴ See 38 USC § 3680 (e).

withhold a veteran's disability payments, as well as report debts to credit rating agencies. Such actions can cause unbelievable stress and hardship on veterans. For example, in 2017, Task and Purpose published a story about Lance Corporal Brian Easley who was killed by police in an armed stand-off.²⁵ Easley was driven to this point in part because of his dependence on his disability check from the VA, which had been garnished due to overpayments for classes he had taken a year before. The school Easley attended was known for overcharging veterans and having abysmal outcomes for their programs. While veterans should be responsible for repaying any overpayment on the housing allowance they receive directly from VA, they should not be held responsible for any overpayments on tuition made directly to the schools.

Draft Legislation to extend the time period under which an election must be made for Montgomery GI Bill Enrollment

VES supports this bill, which would extend the amount of time available to servicemembers to consider their options before they are confronted with the choice of opting-out of the MGIB.

We have two suggestions to further improve this bill:

- In 2015, The US Military Compensation and Retirement Modernization Commission recommended to Congress that the "Montgomery GI Bill - Active Duty (Chap. 30, 38 U.S.C) should be sunset."²⁶ The Commission stated that "duplicative education assistance programs should be sunset to reduce administrative costs and to simplify the education benefit system."²⁷ We agree, and encourage the Subcommittee to sunset the MGIB.
- We also urge the Subcommittee to strengthen the bill by changing the MGIB election from opt-out to opt-in, so that servicemembers have to actively opt-in if they want MGIB. Last fiscal year, 70% of new recruits failed to opt-out of the MGIB.²⁸ These servicemembers pay \$100/month (\$1200/year), but only 3% end up using MGIB, and only a small percentage who use Post-9/11 GI Bill are able to get their \$1200 back because they must meet strict requirements.²⁹ In essence, the \$1,200 payroll reduction operates as a "troop tax," whereby Uncle Sam is taking advantage of first-year servicemembers.

Draft Legislation to authorize SAAs to carry out outreach activities

We do not oppose SAA outreach activities, but question the importance of it, given the VA OIG's recent conclusion that SAAs will waste \$2.3 billion over the next 5 years in GI Bill payments to schools that should not be approved for GI Bill, but nevertheless are. The VA OIG estimated 86% of SAAs "did not adequately oversee the education and training programs."

SAAs have consistently expressed (including to this Subcommittee) that they are stretched too thin, with a heavy workload of compliance surveys, which has limited their ability to conduct robust college oversight and risk-based reviews. This has enabled fraudulent colleges to continue receiving GI Bill benefits, when they should not, including schools sued by DOJ for defrauding ED or cut off from ED for stealing Title IV funds. We urge the Subcommittee to encourage SAAs to dedicate their time and attention to risk-based program reviews and college oversight.

Draft Legislation: "GI Bill Access to Career Credentials Act"

This bill would authorize GI Bill funds to pay for preparatory classes for professional licenses and certifications. As currently drafted, this bill is vulnerable to abuse by subpar licensing prep companies. VES has the following suggestion to resolve this vulnerability:

²⁵Task and Purpose, They Didn't Have To Kill Him: The Death of Lance Corporal Brian Easley, Aaron Gell, April 9, 2019, available at <https://taskandpurpose.com/didnt-kill-death-lance-corporal-brian-easley>.

²⁶VES Statement for the Record on Legislative Priorities for the 115th Congress, March 22, 2017, available at <https://vetsedsuccess.org/wp-content/uploads/2019/01/march-2017-ves-legislative-priorities-svac.pdf>.

²⁷Politico, Thousands in GI Bill fees paid by recruits for 'essentially no reason at all,' Kimberly Hefling, July 10, 2019, available at <https://www.politico.com/story/2019/07/10/thousands-in-gi-bill-fees-paid-by-recruits-for-essentially-no-reason-at-all-1561175> (quoting the 2015 Commission).

²⁸US Consumer Financial Protection Bureau, What does the Coast Guard know about the GI Bill that the other services do not?, Patrick Campbell, December 12, 2017, available at <https://www.consumerfinance.gov/about-us/blog/what-does-coast-guard-know-about-gi-bill-other-services-do-not/>.

²⁹Supra note 24.

- Add quality controls so that GI Bill benefits are not wasted on licensing and certification preparatory classes that do not meet government requirements for licensing and certification. We suggest the Subcommittee adopt the unanimous Congressional quality control language from 10 USC § 2006a: “and which meets the instructional curriculum licensure or certification requirements of the State or is a program approved or licensed by the State board or agency.” We would support this bill if such quality control language were added.

Draft Legislation to increase the monthly housing stipend for online education

We oppose this bill because it is likely to incentivize online colleges to push veterans into enrolling to get a higher monthly allowance for housing. Students should not be making decisions related to education based on how much housing allowance they will receive but on what works best for them.

In addition, online schools do not always provide a strong return on investment for students and may not leave graduates eligible to work in licensed jobs. VES provides free assistance to thousands of veterans who have told us they experienced a subpar education at an online college. For example, one student veteran, Brandon T, said of his online program:

“[I] was told that I could get some credits online while I worked so that I could transfer to a local university when I was ready. I got 33 credits [online] using a 18 months of benefits of my post/9–11 GI Bill. Finally transferred to the University of South Carolina and none of my credits transferred.”

Another student veteran, Deandre A., expressed a fairly common student concern about hidden costs at an online program:

“I enrolled into the online BS Psychology program and have taken out Student Loans along with Financial Aid and that seems to never be able to cover the cost of the degree which I don’t quite understand. It seems that the closer I get to completing my degree the more money that has to come out of my pocket because financial aid and student loans don’t cover the cost of the classes.”

VES also has the following suggestion:

- Close the current loophole in 38 U.S.C. § 3313(c)(1)(B)(iii), which provides that individuals eligible for the Post-9/11 GI Bill who are pursuing a program of education on more than a half-time basis “solely” through distance learning are eligible for 50 percent of the BAH. By taking just one class required to earn a certificate or degree in an actual classroom, beneficiaries qualify for the full BAH. This loophole has allowed schools to game the GI Bill by offering essentially online programs with one class offered in a classroom setting. To close this loophole, the statute should be amended to specify that a full BAH is available only to beneficiaries enrolled in online education who take a specific percentage of classes in a brick and mortar setting, for example 25 percent or 30 percent of their classes. Congress closed a similar loophole in 2017 by requiring that BAH be based on the location of the campus where the individual physically participates in the majority of classes, rather than on the zip code of the institution of higher learning where the individual is enrolled. The change was a response to schools with a VA facility code located in a high-cost area, which was used to determine the amount of the BAH, even though instruction took place at a branch campus in an area with a lower cost of living. (The transition to this new basis for determining living stipends was delayed because the VA was unable to set up a new system that accurately calculated the monthly payments.)

Draft Legislation to require proprietary educational institutions to comply with Federal revenue limits

This bill would close the 90/10 loophole in the Higher Education Act (HEA) by creating and then closing the same loophole in Title 38. Thirty-seven Veterans and Military Service Organizations wrote to Congress this year to say our number one collective priority for HEA reauthorization is to close the 90/10 loophole: “Closing the loophole creates parity for military-connected students using their education benefits with those students using Title IV funds. It is inconsistent to protect some Federal funds (Title IV) from low performing schools and not others (VA and DoD).”³⁰

³⁰ Letter from Thirty-Seven VSOs/MSOs to Congress sharing priorities for Higher Education Act reauthorization, May 2, 2019, available at <https://static1.squarespace.com/static/>

The HEA's 90/10 rule stipulates that a for-profit education business may derive no more than ninety percent of its revenues from the Title IV Federal student aid.³¹ The purpose of this revenue cap is to force schools to prove market viability, ensuring that Federal student aid isn't used to prop up low quality schools that are unable to attract at least 10% of their revenue from private sources, including employers, scholarship providers, and families. The Supreme Court wrote that the rule's precursor was "a device intended by Congress to allow the free market mechanism to operate and weed out those institutions [which] could survive only by the heavy influx of Federal payments."³²

The current loophole hurting veterans was created because the GI Bill and DoD's Tuition Assistance program were largely dormant when the Federal law was written and were not enumerated in the statute as sources of Federal student aid.³³ Through an accounting gimmick roundly criticized by state Attorneys General, for-profit colleges are able to count the GI Bill and DoD tuition assistance as non-federal revenue; as a result, they can receive up to 100% of their revenues from Federal funds without demonstrating market viability by support from employers or individuals willing to pay with their own money,³⁴ in violation of the law's rationale upheld by the Supreme Court.

We are hopeful that a bipartisan agreement to close the 90/10 loophole will emerge through the HEA this summer. If the House and Senate education Committees fail to close the 90/10 loophole this year, we would request the Veterans Affairs Committees step in to close it by creating and then closing the same loophole in Title 38.

We appreciate the Subcommittee's creative approach to closing the 90–10 loophole and we encourage Congress to continue work to finally close this loophole.

The Subcommittee could also consider exempting colleges that dedicate at least half of tuition to student instruction and that produce graduates who earn more than a high school graduate, indicating that the college provided some benefit to those who enrolled.

116 HR 2618: Military Spouse Residency Requirements

We support this bill that ensures military spouses are able to satisfy state residency requirements. We understand that many spouses struggle with license portability and state residency requirements while they move multiple times during their spouse's military career.

116 HR 2227: "Gold Star Spouses and Spouses of Injured Servicemembers Leasing Relief Expansion Act of 2019"

This bill would give spouses the ability to get out of leases if the servicemember is killed or severely injured. We support this bill. We note that the Office of Servicemember Affairs at the US Consumer Financial Protection Bureau reports complaints from servicemembers' spouses who are negatively affected by the situation this bill would help solve.

Draft Legislation: "VA Economic Hardship Report Act"

VES does not have expertise on this bill, which would require VA to study the link between veteran poverty factors and suicide rates. However, we have noticed suicidal comments from veterans who were defrauded out of their one shot at the GI Bill by predatory colleges. We suggest the Subcommittee consider adding GI Bill usage and success as a factor to study in the correlation between poverty indicators and veteran suicide.

116 HR 2924: "Housing for Women Veterans Act"

We have no particular expertise on this bill.

Draft Legislation to authorize specially adapted housing for blind veterans

We have no particular expertise on this bill.

556718b2e4b02e470b1b186/t/5cca11f91905f41be87648f5/1556746746801/VSO+MSO+HEA+Priorities.FINAL.2May2019.pdf.

³¹Title IV of the Higher Education Act of 1965 [20 USC § 1094(a)(24)]: § 487(a).

³²See *Cleland v. Nat'l College of Business*, 435 US 213 (1978).

³³See Bloomberg, *For-Profit Colleges Target the Military*, Daniel Golden, December 30, 2009, available at <https://www.bloomberg.com/news/articles/2009-12-30/for-profit-colleges-target-the-military> (quoting Sarah Flanagan, former Senate staffer: "When the law was enacted, for-profits hadn't yet moved into the military market, so the legislation's sponsors weren't focused on Defense Dept. tuition assistance.").

³⁴Veterans Education Success, *What is the 90/10 Loophole*, available at <https://veteranseducationsuccess.org/90-10-loophole/>.

Draft Legislation to collect overpayments of specially adapted housing assistance

We have no particular expertise on this bill.

116 HR 561: “Protecting Business Opportunities for Veterans Act”

We have no particular expertise on this bill.

116 HR 1615: “Verification Alignment and Service-disabled Business Adjustment Act”

We have no particular expertise on this bill.

116 HR 716ih: “Homeless Veterans Legal Services Act”

We have no particular expertise on this bill.

Draft Legislation: “Legal Services for Homeless Veterans Act”

We have no particular expertise on this bill.

Veterans Education Success sincerely appreciates the opportunity to express our views on legislation before the Subcommittee today. Pursuant to Rule XI2(g)(4) of the House of Representatives, Veterans Education Success has received no Federal grants in Fiscal Year 2019, nor in the two previous fiscal years.

Prepared Statement of William Hubbard

Chairman Levin, Ranking Member Bilirakis, and Members of the Subcommittee:

Thank you for inviting Student Veterans of America (SVA) to submit testimony on the topic of pending legislation related to veteran transition and economic opportunity. Established in 2008, SVA is a national nonprofit founded with the mission of empowering student veterans as they transition to civilian life; we provide student veterans with the resources, network support, and advocacy needed to succeed in higher education.

With over 1,500 campus chapters across the United States, and in four countries overseas, we serve more than 750,000 student veterans and military-connected students. We establish a lifelong commitment to each student’s success through local leadership workshops, national conferences, and top-tier employer relations. As the largest chapter-based student organization in America, we are a force and voice for the interests of veterans in higher education.

Edward Everett, our nation’s 20th Secretary of State, and the former President of Harvard University was famously quoted as stating, “Education is a better safeguard of liberty than a standing army.” While we have the finest military that the world has ever known, the sentiment remains; the importance of education to our nation’s national security remains of paramount importance.

Draft legislation, To extend the time period under which an election must be made for entitlement for educational assistance under the Montgomery GI Bill

This bill proposes to extend the deadline new military recruits have to decide to opt-out of the Montgomery GI Bill (MGIB) Chapter 30 educational assistance program. SVA is in full support of this proposal.

The MGIB served our nation’s veterans well for many years. However, with the advent of the Chapter 33 Post-9/11 GI Bill, the MGIB is now little more than a superfluous tax on our troops. Except for a few niche scenarios, the Post-9/11 GI Bill provides more generous resources and better overall value than the MGIB. Despite this, the MGIB lingers on through the automatic enrollment of new servicemembers who are not fully informed of the differences between the two programs. Indeed, many of the drill instructors counseling recruits on these programs are unclear about the differences themselves. These new servicemembers bear the brunt of the cost-twelve months of reduced pay-for a benefit the vast majority will never use or be refunded. Taken in the context of the recently implemented Blended Retirement System, new members of our military are facing multiple competing financial strains.¹

When presented time to review information on the options, servicemembers quickly discern which benefit is better for them. Between FY2014 and FY2018, 94 percent

¹U.S. Department of Defense, Uniformed Services Blended Retirement System. <https://militarypay.defense.gov/blendedretirement/>

of veterans made the understandable choice to use the Post-9/11 GI Bill over the MGIB.² Yet due to current service-level policies, new servicemembers are often automatically enrolled in the MGIB unless they submit a written request to opt-out within a few days of entering initial training. In the Navy, that deadline is two days, and in the Army they get ³three days⁴. Statutory requirements suggest a short period of time after entering the military to pay into the MGIB fund or not, though there is no requirement dictating that new enlistees are mandated to pay into this program as a matter of policy.⁵ For example, the Army does not automatically enroll new officers, who are otherwise given a similar timeframe, though with the option to opt-in versus opt-out requirements.⁶ Given the importance of this decision for the servicemember's future, it is imperative to provide all new servicemembers with adequate time to weigh the costs and benefits.

We strongly believe that servicemembers would choose to opt out of the MGIB in favor of the Post-9/11 GI Bill if given appropriate time to consider their options. In FY2017, the Department of Defense (DoD) reported 70 percent of new servicemembers enrolled in the MGIB program.⁷ Department of Veterans Affairs (VA) data from that year shows of all VA education benefit recipients, only 4 percent used MGIB, while over 90 percent used Post-9/11.⁸ That trend continued in the following year, with MGIB usage continuing to fall to just 3 percent.⁹ When servicemembers have time to appropriately weigh the benefits available to them, the overwhelming majority choose to leave the MGIB behind.¹⁰

We consistently hear from SVA chapter members that information conveyed to servicemembers regarding their education benefits while in entry-level training is misleading or outright inaccurate. In some cases, new servicemembers learn about these programs from military leaders who use the MGIB and Post-9/11 GI Bill names interchangeably, further complicating the situation. As noted in a recent POLITICO article, it is clear that the \$1,200 fee is presented as a way to “buy into GI Bill benefits,” though generally without clear guidance on various education programs differ.¹¹

Public-facing Web sites of the different service branches also make it nearly impossible to get clear information about the nuances of the different options. One example pulled from the sparse information provided on the Navy's page on the MGIB reads, “If you sign up and do not want it, there are no refunds.”¹² On the Army's Human Resources page, they state, “Monies reduced are not taxable and not refundable. The Soldier agrees to a reduction in pay. According to the law, it was money that was never in the control of the individual. The ruling is you cannot get a refund of money you never earned. Monies reduced cannot be stopped or suspended.”¹³

Yet, in direct contradiction to these statements, acknowledgement forms new servicemembers sign regarding their enrollment in the MGIB state an individual may, “receive a refund of that pay reduction,” and then go on to list the onerous criteria one must meet in order to receive that refund.¹⁴ Uninformed

² U.S. Department of Veterans Affairs, Veterans Benefits Administration. Annual Benefits Reports. (FY2014–FY2018) <https://www.benefits.va.gov/REPORTS/abr/>

³ Gross, Natalie. Military Times. “Wasting money? Most new recruits pay \$1,200 for lesser education benefit.” December 22, 2017. <https://rebootcamp.militarytimes.com/education-transition/education/2017/12/22/wasting-money-most-new-recruits-pay-1200-for-lesser-education-benefit/>

⁴ U.S. Army Human Resources Command. Montgomery GI Bill - Active Duty. Accessed July 2019. <https://www.hrc.army.mil/content/Montgomery%20GI%20Bill%20-%20Active%20Duty>

⁵ Cornell Law School, Legal Information Institute. 38 U.S.C. § 3011. <https://www.law.cornell.edu/uscode/text/38/3011>

⁶ U.S. Army Human Resources Command. Montgomery GI Bill - Active Duty. Accessed July 2019. <https://www.hrc.army.mil/content/Montgomery%20GI%20Bill%20-%20Active%20Duty>

⁷ Campbell, Patrick. Consumer Financial Protection Bureau. “What does the Coast Guard know about the GI Bill that the other services do not?” Dec. 12, 2017. <https://www.consumerfinance.gov/about-us/blog/what-does-coast-guard-know-about-gi-bill-other-services-do-not/>

⁸ U.S. Department of Veterans Affairs, Veterans Benefits Administration. Annual Benefits Reports. <https://www.benefits.va.gov/REPORTS/abr/>

⁹ Ibid.

¹⁰ Ibid.

¹¹ Hefling, Kimberly. Politico. “Thousands in GI Bill fees paid by recruits ‘for essentially no reason at all.’” July 7, 2019. <https://www.politico.com/story/2019/07/10/thousands-in-gi-bill-fees-paid-by-recruits-for-essentially-no-reason-at-all-1561175>

¹² U.S. Navy Personnel Command. MGIB FAQs. <https://www.public.navy.mil/bupers-npc/career/education/GIBill/Pages/FAQs.aspx>

¹³ U.S. Army Human Resources Command. Montgomery GI Bill - Active Duty. Accessed July 2019. <https://www.hrc.army.mil/content/Montgomery%20GI%20Bill%20-%20Active%20Duty>

¹⁴ Executive Services Directorate. Form DD-2366. <https://www.esd.whs.mil/Portals/54/Documents/DD/forms/dd/dd2366.pdf>

servicemembers who wish to know whether a refund is available should be properly informed a refund is possible, but only under very specific conditions. Servicemembers who pay into the MGIB, but do not exhaust their benefits, are eligible for a refund of their original payment.¹⁵ However, due to the high bar for refund eligibility, few ¹⁶veterans ¹⁷qualify.¹⁸

FY2016–FY2018 VA data shows the agency averaged an annual total of 14,407 refunds at \$1,105 each, representing less than one in ten veterans who contributed to the MGIB. In the same timeframe, the DoD reported an average of over 136,000 new enrollments into the MGIB annually, resulting in more than \$160 million dollars of revenue. In effect, DoD generates approximately \$145 million dollars each year directly from our servicemembers' pockets.

We would also encourage the Committee to consider changing the language of the MGIB to make it an “opt-in” decision instead of an “opt-out” option. An eventual 10-year sunset of the program will conclude this program in favor of the Forever GI Bill, the Forever GI Bill being a much more generous program with no expiration date.¹⁹ Our servicemembers should have the ability to reach their education goals once they transition out of service. Making Chapter 33 the functional default GI Bill is not only consistent with current data on rates of use between the programs, but also the better option for the vast majority of individuals. It's time we finally end this tax on troops.

Draft legislation, To increase the monthly housing stipend under the Post-9/11 GI Bill for individuals who pursue programs of education solely through distance learning on more than a half-time basis

This bill proposes to eliminate the 50 percent limit on the monthly housing allowance (MHA) for student veterans attending an entirely online program at more than half-time. As a matter of policy, SVA supports affording veterans and their families the resources needed to succeed in higher education. We appreciate the intent behind this bill and hope to work with legislators and the Committee on continuing to reduce barriers for student veterans. We maintain concerns that a change in this policy without appropriate safeguards would incentivize predatory schools to further target veterans and their families.

Removing this limit, coupled with the recent changes to the Post-9/11 GI Bill MHA calculation that base the payment rate on the zip code of the school provides a financial motivation for distance-learning programs in high-MHA areas to seek out and prey upon student veterans living in low-MHA areas.²⁰ In a practical sense, if a student veteran can enter similar online programs anywhere in the country, an outsized MHA would be an attractive reason to choose one program over another. Many low-quality distance-learning programs are likely to seize on this change as an opportunity to maximize their enrollments.

In the context of the existing higher education framework for student veterans, it is easy to see how the chain of abusive and predatory practices is given a new link. We will see distance-learning programs incentivizing higher-MHA to lower-MHA student veterans whose enrollment, resulting from the 90–10 loophole; this practice ultimately grants programs access to even greater Title IV funds. In turn, this will grow the bottom-line of these programs which, then provide further resources for targeted recruitment of student veterans. The end result is for bad actor programs having additional resources to repeat this predatory cycle. This cycle of abuse and predation is not beneficial for student veterans and their families, and we encourage the Committee to investigate other ways to better serve our student veterans' housing needs.

Draft legislation, To require that certain educational institutions have letters of credit as a condition of approval for VA education benefits

¹⁵ U.S. Department of Veterans Affairs. “Refund of the Montgomery GI Bill \$1,200.00 buy-in for Post-9/11 GI Bill recipients?” <https://gibill.custhelp.va.gov/app/answers/detail/a—id/949/kw/refund>

¹⁶ U.S. Department of Veterans Affairs. “Can I get a refund of the money that I paid into the Montgomery GI Bill?” <https://gibill.custhelp.va.gov/app/answers/detail/a—id/180/related/1>

¹⁷ U.S. Department of Veterans Affairs. “Refund of the Montgomery GI Bill \$1,200.00 buy-in for Post-9/11 GI Bill recipients?” <https://gibill.custhelp.va.gov/app/answers/detail/a—id/949/refund-of-the-montgomery-gi-bill-%241%2C200.00-buy-in-for-post-9%2F11-gi-bill>

¹⁸ Department of Veterans Affairs, Veterans Benefits Administration, Annual Benefits Reports. <https://www.benefits.va.gov/REPORTS/abr/>

¹⁹ Gross, Natalie. Military Times. “Trump signed the ‘Forever GI Bill.’ Here are 11 things you should know”. August 16, 2017.

²⁰ U.S. Department of Veterans Affairs, Veterans Benefits Administration, Education and Training. <https://www.benefits.va.gov/GIBILL/resources/benefits—resources/rates/ch33/ch33rates080118.asp#HOUSING>

This bill proposes to require a letter of credit (LOCs) from institutions of higher learning (IHLs) as a condition of approval for participation in VA's educational assistance programs. SVA is in strong support of this concept, and recommend several improvements to strengthen the proposal. We believe VA should be afforded additional authority to safeguard student veterans from institutions that display poor financial health. VA seemingly lacks the authority and funding to make all student veterans whole after a school closes, and is instead limited to providing restitution for the semester of closure.²¹ This stands in stark contrast to the Department of Education's ²²(ED) restitution²³ authorities²⁴. This bill would allow VA to collect funds from a failing institution, which is a time-tested model of fiscal stewardship that SVA would be glad to see properly implemented.

We acknowledge concerns related to the resource constraints as VA in the potential development and maintenance of a financial monitoring system for all schools participating in VA education programs. VA is presently focused on numerous, substantial reforms of outdated infrastructure and processes and adding this task onto the pile could set the agency up for failure. We see this as an opportunity to encourage greater collaboration between VA and ED. Instead of creating new policies and procedures, duplicative of the ones ED has employed effectively for years, we believe the agency would be better served by utilizing ED's system to trigger its own enforcement mechanisms.

ED currently requires a letter of credit from an institution for assorted reasons, including failing to meet financial benchmarks. The LOCs assure the availability of at least 10 percent of the Federal student aid received by the school. Ten percent was meant to be the floor and not the benchmark. Schools operating under letters of credit can continue participating in Title IV programs, but the letters protect students and taxpayers if institutions are unable to cover Federal student aid liabilities. ED may draw funds from the letter of credit for various reasons, including reimbursing the department for student refunds, loan cancellation costs, and teach-out expenses.

To achieve intent of this proposal, SVA believes it would be better to have VA establish automatic triggers based on decisions ED makes regarding a school's financial health. By acting alongside ED, VA's enforcement authority is increased without adding a duplicative monitoring requirement for VA, an agency that has little experience in this area.

VA would have the option of expanding the list of automatic triggers to include instances beyond LOCs, including Federal or state law enforcement investigation or penalties against the school, financial instability, low student graduation rate, high student indebtedness, failure to obey VA reporting requirements, defaults on lines of credit, and negative shareholder disclosures. If VA is required to develop their own monitoring and evaluation standards, we recommend that they include some of the recommendations from the GAO 2017 report on potential improvements to ED's financial monitoring processes.²⁵

Draft legislation, GI Bill Access to Career Credentials Act

This bill proposes authorizing GI Bill funding to be used for licensing preparation courses. SVA supports giving VA the authority to provide assistance for these tests, just as they currently do for higher education tests.²⁶ VA also requested this change in their FY2020 Budget Request.²⁷ We believe that bringing parity between voca-

²¹ U.S. Department of Veterans Affairs, Veterans Benefits Administration, Education and Training. <https://www.benefits.va.gov/gibill/fgib/restoration.asp>

²² U.S. Department of Veterans Affairs, Veterans Benefits Administration. Restoration of Benefits After School Closure of if a School is Disapproved for GI Bill Benefits. <https://www.benefits.va.gov/gibill/fgib/restoration.asp>

²³ U.S. Department of Education, Office of Federal Student Aid. In certain situations, you can have your Federal student loan forgiven, canceled, or discharged. <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation#false-certification>

²⁴ U.S. Department of Education, Office of Federal Student Aid. Borrowers may be eligible for forgiveness of the Federal student loans used to attend a school if that school misled them or engaged in other misconduct in violation of certain laws. <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/borrower-defense>

²⁵ U.S. Government Accountability Office. "Education Should Address Oversight and Communication Gaps in Its Monitoring of the Financial Condition of Schools." August 2017. <https://www.gao.gov/assets/690/686709.pdf>

²⁶ Cornell Law School, Legal Information Institute. 38 U.S. Code §3002. <https://www.law.cornell.edu/uscode/text/38/3002>

²⁷ U.S. Department of Veterans Affairs, Veterans Benefits Administration, Office of Budget, Annual Budget Submission FY2020. <https://www.va.gov/budget/docs/summary/fy2020VAbudgetVolume1supplementalInformationAndAppendices.pdf>

tional and higher education preparatory courses is a positive, commonsense step forward.

To protect student veterans and be faithful stewards of GI Bill resources, we also suggest adding guardrails around which preparatory courses qualify under this new authority. Specifically, we recommend adding language that requires qualifying preparatory courses to meet the standards of state designated licensing boards or agencies that seek to protect students from bad-actor schools. This is critical to protecting our student veterans and we encourage this Committee to adopt this small, but important adjustment.

Draft legislation, To amend title 38 United States Code to require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in educational assistance programs at VA

This proposed legislation would prohibit for-profit educational institutions from participating in VA's educational assistance programs unless more than ten percent of their revenue is generated from non-federal sources. SVA, along with 36 other Veteran Service Organizations (VSOs), sent a letter to congress earlier this year outlining our policy priorities.²⁸ Chief among them was closing the 90–10 loophole in the Higher Education Reauthorization (HEA).

The 90–10 rule is intended to prevent a proprietary institution from receiving more than 90 percent of their revenue from the Federal government. Essentially, it is a market viability test; if an institution is providing a high-quality education it should be able to recruit students willing to spend their own money to attend. This rule is rooted in what was originally the 85–15 rule, a response to rife predatory abuse of the Servicemen's Readjustment Act of 1944.²⁹ However, a loophole exists in the rule: it does not count funds from VA or DoD educational benefits as Federal funds. The predatory practices this loophole incentivizes are well-documented and unacceptable. Veterans and other American taxpayers deserve better than allowing the bottom lines of institutions to prevail.³⁰

In the spirit of the original intent of the 90–10 rule, SVA strongly supports all VA and DoD education benefit funds be considered Federal funds under the 90–10 rule. GI Bill funds are paid for by the Federal government and should be considered as such. SVA supports the intent of this proposal, but we believe there may be more effective approaches to closing this loophole. The past few months have seen significant progress on a bipartisan solution to the 90–10 loophole through the HEA and we are hopeful that this encouraging progress continues.

Creating and closing the loophole exclusively through VA jeopardizes that. Also, we maintain concern about closing the loophole solely through Title 38. As currently written, the bill appears to offer a simple, clean fix for the 90–10 loophole. However, it affords the risk of repeating the same mistake that led to the loophole in the first place; a failure to bring all relevant stakeholders to the table to produce a holistic solution. To strengthen the proposal, there should be additional procedural detail addressing how the language would function in application.

It is unclear whether the proposal applies only to new programs and how currently approved programs will be reviewed for compliance, how it will be enforced, and exactly when and how funding is shut off. By contrast, the current system used at ED is much more explicit on these topics. SVA remains open to creative solutions that seek to close the 90–10 loophole and we encourage congress to continue investigating ways to make this happen while minimizing the risk of creating similar issues in the future.

Draft legislation, Forever GI Bill Class Evaluation Act

This legislation proposes to delay GI Bill payments to schools until fourteen days before a school term. As this bill makes clear in Section 2, VA has an ongoing issue with overpayments made on behalf of the GI Bill. The referenced Government Accountability Office (GAO) report makes clear that this problem is significant, di-

²⁸ Letter from Thirty-Seven VSOs to Congress sharing priorities for Higher Education Act reauthorization, May 2, 2019. <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5cca11f91905f41be87648f5/1556746746801/VSO+MSO+HEA+Priorities.FINAL.2May2019.pdf>

²⁹ Skinner, Rebecca. "Institutional Eligibility and the Higher Education Act: Legislative History of the 90/10 Rule and Its Current Status." January 2005. Congressional Research Service: Washington, D.C., Retrieved from: <http://www.policyarchive.org/handle/10207/1904>.

³⁰ U.S. Senate Committee on Health, Education, Labor, and Pensions. "For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success." July 2012. Washington D.C. Retrieved from: <https://www.govinfo.gov/content/pkg/CPRT112SPRT74931/pdf/CPRT-112SPRT74931.pdf>.

rectly impacts student veterans, and must be addressed.³¹ VA's methods of correcting overpayments compounds the problem. VA claws back GI Bill overpayments directly from students, even though the school received the tuition money.³² In previous testimony, we outlined the 200,000 overpayment notices VA sends out each year and the significant financial burden it places on veterans and their families.³³ SVA fully supports the structural and procedural changes that must take place within VA to prevent these overpayments from occurring.

While SVA supports this bill's intent, we believe that mandating a delay in GI Bill benefit payments might compound the VA's recent inability to make timely benefit payments to students. We encourage the Committee to continue having conversations with VA on the feasibility of implementing a batch payment model like ED has been using for decades. ED processes payments to schools prior to the start of the semester based on historical enrollment data from previous years. It is an effective process that allows schools and ED to operate without jeopardizing the financial situation of schools or students.

We suggest studying the feasibility of incorporating lessons learned from the Department and its use of batch payments as a potential way of alleviating some of the front-end work VA must do to certify both MHA payments and tuition payments. We acknowledge there are foundational differences between how the ED and VA function, and that batch payments may not be the correct solution, but greater cross-agency communication and collaboration can still provide valuable insight. Overpayments are a significant issue with the current model of payment VA employs and SVA encourages congress and VA to continue discussions on how best to serve our student veterans and educational institutions while still meeting the needs of VA.

Draft legislation, To require that educational institutions abide by Principles of Excellence as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs

This legislation proposes a requirement that educational institutions adhere to Executive Order (EO) 13607, also known as the Principles of Excellence (POE), in order to participate in VA's educational assistance programs.³⁴ SVA supports giving VA enforcement authority to act when schools are not meeting standards that are meant to protect student veterans. As adherence to POE is voluntary, VA lacks sufficient authority to terminate educational benefits for bad actor schools in violation of the principles. This proposal brings VA into parity with ED and provides VA another tool to protect student veterans when educational institutions are not up to standard.³⁵

Of particular importance in executive order, it states that the POE should "allow servicemembers and reservists to be readmitted to a program if they are temporarily unable to attend class or have to suspend their studies due to service requirements, and take additional steps to accommodate short absences due to service obligations, provided that satisfactory academic progress is being made by the servicemembers and reservists prior to suspending their studies"³⁶

This is a significant point of contention and should be considered heavily. Clarification of the principles in tandem with this additional authority is necessary for the measure to be effective. We would also encourage consideration of better delineated enforcement options when an institution does not adhere to the Principles. Therefore, SVA supports this proposal with some reservations.

Draft legislation, Student Veteran Empowerment Act of 2019

This legislation proposes several improvements to VA's educational assistance programs, such as requiring an agreement to abide by the POE, requiring monthly enrollment verification by student veterans, and extending the period of no charge

³¹ U.S. Government Accountability Office. "Post 9/11 GI Bill: Additional Actions Needed to Help Reduce Overpayments and Increase Collections." October 2015. <https://www.gao.gov/assets/680/673230.pdf>

³² Cornell Law School, Legal Information Institute. 38 U.S. Code § 3680. <https://www.law.cornell.edu/uscode/text/38/3680>

³³ Student Veterans of America. Testimony for Legislative Hearing on the Topic of "Pending Legislation" May 22, 2019. Senate Committee on Veterans' Affairs. <https://www.veterans.senate.gov/imo/media/doc/5.22.19%20-%20SVA.pdf>

³⁴ Exec. Order No. 13607, 3 C.F.R. 248–252 (2013) <https://www.govinfo.gov/content/pkg/CFR-2013-title3-vol1/pdf/CFR-2013-title3-vol1.pdf>

³⁵ U.S. Department of Education, Office of Federal Student Aid, Sec. 668.14 Program participation agreement. December 31, 1999. <https://ifap.ed.gov/regcomps/doc4072—bodyoftext.htm>

³⁶ Ibid.

for student veterans affected by school closure. SVA supports this bill, and we address additional specific points for consideration below.

Section 2. Entitlement charge changes. We support this provision and offer some additional feedback for consideration. Student veterans affected by school closures are not protected in the same way title IV students are, and this change is a positive step in the right direction.³⁷ Our recommendation would be to set a minimum number of transferred credits that disqualify student veterans from having their GI Bill benefits restored. This language sets that bar at a single credit which is unnecessarily restrictive.

Section 3. Additional requirements for approval of institutions to participate in VA's educational assistance programs. We support this provision as an idea but have reservations with the language as written. Similar to our comments on the POE, we have concerns with legislating towards an EO instead of codifying the exact standards that institutions should meet.

We believe there should be additional refinement with respect to defining the reviewers and enforcement of the principles. If that activity is delegated to State Approving Agencies (SAAs), we would like to see that codified along with a matching increase in funding to support such an important task. If SAAs are not intended to enforce the principles, the legislation should clearly state who is.

Finally, upon the original release of this EO in 2012, there were several issues raised by concerned groups, and it brought to light a concerning difference between good actors and bad actors in the veterans' education space.³⁸ Schools concerned with adhering to the letter and spirit of the EO had numerous clarifying questions to ask while those institutions who were less concerned with details and more concerned with signaling that they were complying rushed to sign up. This bill seems as if it would incorporate many of the same issues.

Section 4. Oversight of educational institutions placed on heightened cash monitoring status by ED. We support this section but encourage congress to increase resources for State Approving Agencies (SAAs) to match the increase in responsibilities. As we continue to add tasks to the SAAs workload, we encourage congress to be mindful of matching resources to responsibilities. Unfunded mandates cannot be achieved, and we risk setting SAAs up to fail by requiring too much of them without the financial undergirding they need for support.

Section 5. Mandatory enrollment verification. We support this provision and humbly offer and additional recommendation. Overpayments due to delays in VA updating a student's enrollment status are a significant portion of annual overages and lead to student veterans incurring debt unbeknownst to them which is later clawed back aggressively.³⁹ We fully support finding ways to improve the current system to prevent such burdens being placed on our students. To this end, we encourage reworking the language so that the burden of verification lies on the institution and not the student. As VA pays the school directly under the Post-9/11 GI Bill, it only makes sense that tuition overpayments and verifications of enrollment should be handled directly between the two institutions, without the student veteran in the middle.

We are encouraged by this Committee's interest in finding ways to improve the service and quality of benefits we offer to our veterans and hope that continued conversations around the bills today will provide avenues upon which to build consensus.

Draft legislation, To amend title 38, United States Code, to authorize State approving agencies to carry out outreach activities

This legislation clarifies language in title 38 to allow State Approving Agencies (SAAs) to conduct outreach programs. In the roughly 70 years prior to 2016, SAAs routinely engaged in outreach programs to educate our veterans about the benefits available to them. In 2016, VA informed these agencies that outreach activities were not explicitly established in statute and could no longer be supported. Since then, SAAs have been limited in their ability to conduct outreach and awareness programs and create new outreach materials. Data from the National Association of

³⁷U.S. Department of Education, Office of Federal Student Aid. If your school closes while you're enrolled or soon after you withdraw, you may be eligible for discharge of your Federal student loan. <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/closed-school>

³⁸American Council on Education. Letter to Congress Re: Executive Order 13607 - Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members. <https://www.acenet.edu/news-room/Documents/Letter-to-Obama-Administration-on-Principles-of-Excellence-for-Service-Members,-Veterans-Education.pdf>

³⁹U.S. Government Accountability Office. "POST-9/11 GI BILL: Additional Actions Needed to Help Reduce Overpayments and Increase Collections." October 21, 2015. <https://www.gao.gov/products/GAO-16-42>

State Approving Agencies (NASAA) shows ‘outreach actions’ declining by 90 percent since 2016 as result.⁴⁰

SVA supports this bill, but within the context of SAAs maintaining a primary focus on program evaluation. SAAs play an important role in the approval and oversight of the higher education institutions that serve our nation’s veterans. Their mission is to safeguard quality education and training opportunities for veterans through program evaluation and monitoring, compliance training and review, outreach and awareness, and more. And while the agencies’ primary focus will always be the evaluation and approval of educational institutions, their value as liaisons to the broader public, military bases, educators, and employers on the benefits of using the GI Bill cannot be understated.

We must be cognizant of the need to provide them with adequate resources and authority to fully execute their mission. This is particularly important in light of recent legislation and programs, such as the Forever GI Bill, the VET TEC Program, and the VALOR Act. Expanding the oversight responsibilities of SAAs, and many of the draft bills under discussion today seeking to maintain a high level of program quality and integrity.

The success of veterans in higher education is no coincidence or surprise. Research consistently demonstrates this unique population of non-traditional students is far outpacing their peers in many measures of academic performance.²⁸ Further, this success in higher education begets success in careers, in communities, and promotes family financial stability, holistic well-being, and provides the all-volunteer force with powerful tools for recruitment and retention when recruits know military service prepares them for success after service.

We thank the Chairman, Ranking Member, and the Committee Members for your time, attention, and devotion to the cause of veterans in higher education.⁴¹ As always, we welcome your feedback and questions, and we look forward to continuing to work with this Committee, the House Veterans’ Affairs Committee, and the entire congress to ensure the success of all generations of veterans through education.

Prepared Statement of Jeremy M. Villanueva

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting DAV (Disabled American Veterans) to testify at this legislative hearing of the Economic Opportunity Subcommittee of the House Veterans’ Affairs Committee. As you know, DAV is a non-profit veterans service organization comprised of more than one million wartime service-disabled veterans that is dedicated to a single purpose: empowering veterans to lead high-quality lives with respect and dignity. DAV is pleased to offer our views on the bills under consideration by the Subcommittee.

H.R. 561, Protecting Business Opportunities for Veterans Act of 2019

This legislation would correct a persistent problem in contracting under the Veterans First Contracting Program (Vets First Program) by directing the Department of Veterans Affairs (VA) to work with the Office of the Inspector General to identify and penalize small businesses who take advantage of the program, which is designed to benefit veterans by utilizing “pass through” contracts.

The Vets First Program was created under Public Law 109–461 for Veteran-Owned Small Businesses (VOSBs) and expanded the Service-Disabled Veteran contracting program for VA procurements in order for veteran business owners and the government to benefit mutually. The program’s purpose is to ensure that legitimately owned and controlled VOSBs and Service-Disabled Veteran Owned Small Businesses (SDVOSBs) are able to compete for VA VOSB and SDVOSB set-asides, are credited by VA’s large prime contractors for subcontract plan achievements, and help stimulate the small business community and create growth for the economy.

⁴⁰National Association of State Approving Agencies, NASAA Annual Report 2018. <http://nasaa-vetseducation.com/getattachment/Home/NASAA-2018-Annual-Report.pdf.aspx>

²⁸Letter from Thirty-Seven VSOs to Congress sharing priorities for Higher Education Act reauthorization, May 2, 2019. <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5cca11f91905f41be87648f5/1556746746801/VSO+MSO+HEA+Priorities.FINAL.2May2019.pdf>

⁴¹Cate, C.A., Lyon, J.S., Schmeling, J., & Bogue, B.Y. (2017). National Veteran Education Success Tracker: A Report on the Academic Success of Student Veterans Using the Post-9/11 GI Bill. Student Veterans of America, Washington, D.C., <http://nvest.studentveterans.org/wp-content/uploads/2017/03/NVEST-Report-FINAL.pdf>.

However, the GAO found persistent problems in contracting under the Vets First Program of small business who take advantage of the program which is designed to benefit veterans by utilizing “pass through” contracts.¹ In this instance, so-called “pass through” contracts occur when a small business wins its contract based on these designated preferences and then subcontracts most of the work to a non-similarly situated firm. These “pass through” contracts violate the principle and rationale of these programs.

This bill would provide parity between the Small Business Act and Veterans First Contracting Program’s “Limitations on Subcontracting” and provide clarity as the Small Business Administration and VA implement joint regulations on SDVOSBs and VOSBs.

DAV supports this legislation in accordance with Resolution No. 302, which seeks and strongly supports the investigation, prevention and monitoring controls and to ensure that fraud is aggressively prosecuted and companies having committed fraud are suspended, debarred or otherwise held accountable.

H.R. 1615, Verification Alignment and Service-disabled Business Adjustment Act or the VA-SBA Act

This bill would move the VA’s verification of Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) and Veteran-Owned Small Businesses (VOSBs) responsibility to the Small Business Administration (SBA). The SBA will therefore fully take over the certification of SDVOSB & VOSBs government-wide and VA’s separate verification program will sunset.

Currently, SBA certifies small businesses that participate in most Federal contracting preference programs, ensuring that only qualified enterprises benefit from over \$105 billion in annual small business spending. The exception is SDVOSBs that are verified by VA to qualify for VA contracts. These SDVOSBs are allowed, because of a disparity in the law, to self-certify, which has led to years of fraud, waste, and abuse. The U.S. Government Accountability Office (GAO) noted this in their 2012 report on the SDVOSB programs when it stated, “no action has been taken by agencies to improve fraud-prevention controls. Relying almost solely on firms’ self-certification, the program continues to lack controls to prevent fraud and abuse.”² Inadequate controls have allowed companies that are not owned and controlled by service-disabled veterans to game the system.

The VA-SBA Act seeks to address this problem by instituting an affirmative certification requirement for SDVOSBs throughout the Federal government, to be implemented and maintained by the SBA. To accomplish this, the Act transfers responsibility for certification from the VA to the SBA and eliminates the option to self-certify. Finally, this bill guarantees that no self-certified SDVOSB will be excluded from a contracting opportunity if the SBA is slow to process its certification application, and preserves the unique VOSB contracting preference in VA.

DAV supports this legislation in accordance with our Resolution No. 303, calling for simplification of the verification process for VOSBs and SDVOSBs and No. 302, which seeks and strongly supports prevention and monitoring controls over the SDVOSB program.

H.R. 2227, Gold Star Spouses and Spouses of Injured Servicemembers Leasing Relief Expansion Act of 2019

This bill would authorize spouses of servicemembers who incur a catastrophic injury or illness or die while in military service to terminate leases of premises and motor vehicles.

DAV does not have a resolution specific to this issue and does not take a position on this bill’s passage.

H.R. 2618

This bill would amend the Servicemembers Civil Relief Act to provide a guarantee of residency for registration of businesses of spouses of servicemembers and to improve the ability of military spouses to transfer their occupational licenses from state to state.

DAV does not have a resolution specific to this issue and does not take a position on this bill’s passage.

¹ <https://www.gao.gov/assets/700/694684.pdf>

² <https://www.gao.gov/products/GAO-12-697>

H.R. 2924, Housing for Women Veterans Act

The Housing for Women Veterans Act (H.R. 2924) would reauthorize the Supportive Services for Veterans Families (SSVF) Grant Program and provide funding of \$400 million for fiscal years 2020 through 2022. While this funding level is \$20 million more than funding authorized for 2019, the bill would earmark all additional funds (\$20 million) for programs directed at meeting the needs of women veterans. In addition, the bill calls for a gaps analysis report that would identify areas in which current programs are failing to meet the needs of homeless and precariously housed women which may yield important information.

SSVF is a valuable program that concentrates on preventing very low income veterans and their families from becoming homeless. While research is ongoing to identify the housing and other outcomes of this program, the relatively small grants (on average about \$2,500 per veteran household) can make the difference between a veteran's family remaining housed and living on the streets—a far more expensive and intractable problem to address.

DAV supports the SSVF programs and appreciates that this bill would ensure that additional funding is directed at improving services for women veterans who have increased risk factors for homelessness in addition to often being the sole parents of dependent children. Based on DAV Resolution Nos. 019, which supports enhanced services for women veterans, and 291, calling for sufficient funding to improve services for homeless veterans, we offer our strong support for this bill.

H.R. 2934, GI Bill Access to Career Credentials Act

Currently, VA pays only the test costs for licensing and/or certification for a field of employment, or up to \$2,000 for each test. Payment is issued after you submit proof of payment to VA. However, costs for preparatory courses, registration and processing fees connected with obtaining a license or certification are not reimbursable.

This legislation amends title 38, United States Code, to authorize the use of educational assistance under chapter 33 and 35 of that title to pay for preparatory courses for licenses and certification examinations.

While DAV does not have a resolution specific to this issue, we believe that providing added assistance by helping pay for these costs in attaining licenses or certifications for new career is beneficial to the service-disabled veteran, their survivors, and dependents, and we have no objection to its favorable consideration.

Draft Bill, authorize the Secretary of Veterans Affairs to assist blind veterans who have not lost use of a leg in acquiring specially adapted housing

VA provides grants to servicemembers and veterans with certain permanent and total service-connected disabilities to help purchase or construct an adapted home, or modify an existing home to accommodate a disability. Under title 38, United States Code, § 2101, the Secretary may assist a disabled veteran described in acquiring suitable housing with special fixtures or movable facilities made necessary by the nature of the veteran's disability. An eligible veteran must have loss or loss of use of bilateral lower extremities or must have blindness in both eyes, light perception only, and must have loss or loss of use of one lower extremity.

The discussion draft would redefine the eligibility criteria. For those veterans with service-connected blindness, they would no longer be required to have this disability in combination with loss or loss of use of a lower extremity. This would expand the current criteria and allow veterans with service-connected blindness to live in an environment specially adapted to their visual impairment.

DAV does not have a resolution specific to this issue; however, we believe this would provide a much needed benefit to visually impaired veterans and we would have no objection to its favorable consideration.

Draft Bill, Forever GI Bill Class Evaluation Act

This bill would prohibit payment of educational assistance under the Post-9/11 GI Bill prior to 14 days before the first day of the quarter, semester, or term, and would prohibit payment to an individual who withdraws from a program of education during the first 14 days of the quarter, semester, or term.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, the VA Economic Hardship Report-a bill to direct the Secretary of Veterans Affairs to study the link between certain economic factors and veteran suicides

This draft legislation would require that VA study associations between veterans' economic resources and their risk of suicide. It would require the Secretary to identify some numbers that are already routinely estimated, such as the number of homeless veterans, which is now determined by an annual "point in time" count, in addition to other counts such as the numbers of veterans who live in poverty, and those who are food or housing insecure, which are now estimated based on census data. VA would also be required to report the number of veterans who have attempted suicide or committed suicide and who, at that time were homeless, living in poverty or known to be food insecure.

DAV is aware that homelessness is a major risk factor for suicide, but socio-economic consequences in addition to suicide may be symptomatic of underlying causes such as unresolved medical disability, mental health or substance abuse problem and a failure to assist veterans with readjustment after deployment. These problems can often lead to a "cycle of decline," including family dissolution and loss of employment in addition to homelessness. Without exploring these causal factors, determining "links" between suicides and economic consequences may overlook the actual root causes of homelessness and identify confounded associations (for example, it may conclude that veterans commit suicide because they are food insecure when untreated PTSD and substance abuse may lead to job loss or family dissolution, which in turn causes many adverse economic consequences that may ultimately lead to suicidal ideation or suicide).

We would also hope that any future studies would take these factors into account as well as identify veterans by sex and racial or ethnic background in order for VA to better understand any gender differences or specific links that may be disproportionately affecting these veteran subpopulations.

DAV does not have a resolution calling for this study, but has no objection to its favorable consideration.

Draft Bill, to require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs

This legislation would require any institution that receives tuition or under the GI Bill or Survivors' and Dependents Educational Assistance (Chapter 35) programs to have a letter of credit as a condition of approval for those funds. Said letter of credit would need to show proof that a financial institution has provided a financial guarantee to the educational institution that ensures that if that institution closes, not less than 10 percent of the funds received as tuition or fees will be payable to the VA and that the educational institution has such amounts in an escrow account for such purposes.

DAV does not have a resolution that speaks to this issue; however, service-disabled veterans, their survivors and dependents, should not have to worry about the financial stability of an educational institution before they enroll for classes to better their economic outlook. This legislation would require an institution to prove it can reimburse the VA for tuition and fees if it closes prior to receiving those funds and we have no objection to its favorable consideration.

Draft Bill, Legal Services for Homeless Veterans Act

This bill would authorize VA to provide grants or enter into cooperative agreements with community entities to provide legal services to veterans experiencing homelessness and veterans who are at risk for becoming homeless within appropriated funds. It also requires a biennial report to Congress to include the number of homeless veterans assisted, a description of the legal services provided and operational and cost-effectiveness of the services rendered.

In its most recent CHALENG report (2018), VA acknowledges that those needs homeless veterans and their advocates are most likely to describe as "met" are those directly provided through VA, while unmet needs tend to be met through community partners. Veterans' needs for legal assistance for various issues are persistently identified through the annual homeless survey. This year male homeless veterans identified legal assistance in five different areas (child support (#3), prevention of eviction or foreclosure (#6), restoration of driver's license (#7), outstanding warrants and fines (#8), and also discharge upgrades (#9) among their 10 highest unmet needs. Female homeless veterans identified legal assistance in three different areas

(including child support (#7), prevention of eviction or foreclosure (#9) and discharge upgrades (#10)) within their top 10 unmet needs.

These legal issues are often significant barriers in obtaining employment, reuniting families, maintaining or obtaining permanent housing or seeking benefits or child support to stabilize family income.

DAV supports this draft legislation in accordance with DAV Resolution No. 291, calling for Congress to fund grants to provide health and supportive services to homeless veterans.

H.R. 716, Homeless Veterans Legal Services Act

Like Congressman Panetta's draft bill above, H.R. 716-the Homeless Veterans Legal Services Act addresses homeless veterans' unmet needs for legal services, but does so by authorizing VA to fund a portion of costs for legal services delivered through community partners (subject to available funds). This measure focuses on legal services related to housing such as eviction defense, foreclosure and land-lord tenant cases; family law issues to include: child support issues, divorce, estate planning, and family reconciliation; and criminal defense matters such as outstanding warrants, fines, and driver's license revocation.

DAV supports this draft legislation in accordance with DAV Resolution No. 291, calling for Congress to fund grants to provide health and supportive services to homeless veterans but would recommend that the Committee authorize appropriations to make funding available for this and the draft bill, Legal Services for Homeless Veterans Act to ensure other programs for homeless veterans are fully funded.

Draft Bill, to require that educational institutions abide by Principles of Excellence as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs

This bill would require a State approving agency, or the Secretary when acting in the role of the State approving agency, to disapprove a course of education provided by an educational institution if that institution has not agreed to abide by the Principles of Excellence or has violated said principles.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, to authorize State approving agencies to carry out outreach activities

This bill would authorize State approving agencies to carry out outreach activities using amounts otherwise authorized to be appropriated. No additional amounts are to be authorized to be appropriated to carry out these activities.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, authorize the Secretary of Veterans Affairs to collect overpayments of specially adapted housing assistance

The discussion draft would amend title 38, United States Code, § 2102, which provides limitations on furnished assistance of grants to servicemembers and veterans with certain permanent and total service-connected disabilities to help purchase or construct an adapted home, or modify an existing home to accommodate a disability. Whenever the Secretary finds that an overpayment has been made to an individual as a result of breach of contract or administrative error, the amount would be considered a liability of such individual to the United States.

The individuals are defined as a veteran who applies for assistance, an owner or seller of real estate, a builder, contractor, supplier, tradesperson corporation, partnership or person associated with the delivery of assistance. It further defines said individuals as an attorney, escrow agent, or financial institution that receives or holds escrow funds and also includes a surviving spouse, heir, assignee, or successor of interest in the definition.

We understand the intent of this draft and that it is a reasonable expectation that recipients of overpayments are required to repay debts; however, it is unreasonable that a veteran or surviving spouse should be responsible for debts caused by a VA administrative error. Moreover, any recouping of overpayments from a veteran or surviving spouse should not place them in financial hardship.

In accord with DAV Resolution No. 172, DAV urges this Subcommittee amend this legislation to ensure there are limitations in the amount of monies recouped

from a veteran and surviving spouse so as not to impoverish them, and overpayment debts created at the fault of VA be waived by the VA.

Draft Bill, require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in educational assistance programs of the Department of Veterans Affairs

This bill would prohibit the Secretary, or a State approving agency from approving a course of education offered by a proprietary for-profit educational institution unless the institution derives not less than ten percent of such institution's revenues from sources other than Federal funds.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, extend the time period under which an election must be made for entitlement to educational assistance under the All-Volunteer Educational Assistance Program of the Department of Veterans Affairs

This bill would remove any time period restrictions on a servicemember's ability to elect to receive educational benefits under the All-Volunteer Educational Assistance Program.

DAV does not have a resolution specific to this issue and does not take a position on this bill's passage.

Draft Bill, Student Veteran Empowerment Act of 2019

This bill would make improvements to the educational assistance programs of the VA, to include Chapter 35 of title 38, United States Code. These improvements include prohibiting the VA from charging against an enrollee's time-period or entitlement if they cannot transfer credits from a disapproved program of education, requires educational institutions seeking approval to participate in a program under title IV of the Higher Education Act of 1965 and has agreed to abide by the Principles of Excellence under Executive Order 13607, increasing oversight over education institutions, and verifying enrollment for each individual enrolled in a course or program of education and is receiving Post-9/11 Educational Assistance Benefits.

DAV does not have a resolution specific to this issue but we would not object to its favorable consideration, as it would benefit dependents and survivors of veterans whose death was due to a service-connected disability or of a veteran whose service-connected disability has been rated by VA to be permanent and total.

Draft Bill, increase the monthly housing stipend under the Post-9/11 Educational Assistance Program for individuals who pursue programs of education solely through distance learning on more than a half-time basis

This bill seeks to increase the monthly housing amount received by those enrolled in a course or program of education under the Post-9/11 GI Bill on more than a half-time basis through distance learning solely.

DAV does not have a resolution that addresses this issue and does not take a position on this bill's passage.

Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions you or members of the Subcommittee may have.

Prepared Statement of Timothy "Tim" McMahon

Chairman Levin, Ranking Member Bilirakis and distinguished Members of the Subcommittee:

My name is Tim McMahon, a U.S. Air Force Veteran representing Triangle Tech, Career Education Colleges and Universities (CECU) and Veterans for Career Education (VCE). Before commenting on the pending legislation that has the potential to impact career schools and the veterans attending these institutions, I would like to offer some background on the three groups I represent.

I serve as president of Triangle Tech, a nationally accredited career and technical school with campuses in the following locations in Pennsylvania: Pittsburgh, Erie, Greensburg, DuBois, Sunbury, and Bethlehem. We pride ourselves in delivering high-quality career training at a fast pace. We offer career programs in Computer-Aided Design and Drafting (CADD) with Additive Manufacturing & 3D Printing Technology; Maintenance Electricity & Construction Technology; Refrigeration,

Heating, Ventilation, & Air Conditioning Technology (HVAC-R); Carpentry & Construction Technology; and Welding & Fabrication Technology. Veterans can earn an associate degree in a skilled program of study in just 16 months and enter the workforce immediately. That allows veterans using the Post-9/11 GI Bill to save the rest of their benefits for follow-on study or additional education elsewhere.

All students that attend Triangle Tech have free repeat privileges: If at any time prior to graduation, circumstances result in course failure, we allow students to repeat that course tuition-free. We also provide free refresher privileges to graduates. Students and veteran graduates may come back and refresh their skills or update them on the latest technology at no cost. To help students and student veterans continue their education, we have credit transfer agreements with certain public and private nonprofit colleges and universities. For example, we have credit transfer agreements with Slippery Rock University, Point Park University, Seton Hill College, and California University of Pennsylvania.

I also serve on the board of directors for Career Education Colleges and Universities (CECU), a national association of career, technical and trade schools consisting of nearly 500 campus locations across the nation. These schools are working diligently to meet the demands of the American workforce by providing skilled education that leads to fulfilling careers. The programs offered at CECU schools include nursing, commercial truck driving, cranes and heavy equipment, gunsmithing, hard-hat divers and underwater welding, barbering and cosmetology, aviation technicians, automotive technology and cybersecurity, among many others. In a recent Gallup study, 71% of Veterans and servicemembers that graduated from CECU member institutions said they were satisfied with their education and 76% said their degree/certificate is related to their work.¹ Additionally, we published a book of over 300 veteran success stories.² This year, we also updated a best practices guide for serving military and veteran students. Our schools remain committed to providing career-relevant education to those in and out of uniform.

Lastly, I am excited to be among the nearly 100 veterans that flew from across the country to Washington D.C., just before Memorial Day, and helped to found Veterans for Career Education (VCE). We founded VCE to support the right of veterans to use their earned education benefits, like the GI Bill, to gain career skills at the college or institution of their choice. We fundamentally believe that education policy should not dictate where veterans use their earned education benefits. Now, VCE is engaged in a Let Vets Choose Tour Across America at over 20 career schools in more than 10 states. Veterans that are students, graduates, faculty, and staff are organizing to combat overly broad statements about taxpaying schools. The notion that credentials from these schools are worthless or that the entire sector is predatory is demeaning to veterans and undermines the value of career-oriented education. VCE and the Let Vets Choose Tour will showcase why veterans choose career schools and it will give a voice to student veterans that are too often overlooked. We look forward to sharing the views of veterans from these tour stops.

Below are the views of CECU on pending legislation unless otherwise noted.

A draft bill to require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in educational assistance programs of the Department of Veterans Affairs.

Changing the 90/10 rule to include military and veteran education benefits, like the GI Bill, in the 90 side does not help to protect military veterans. It takes away a veteran's right to choose where they use their earned education benefits. Analysis conducted by NDP Analytics found that including military and veteran education benefits in the numerator of the 90/10 rule may adversely impact upwards of 100 schools and over 100,000 student veterans and servicemembers.³

The entire notion of closing the so-called "90/10 loophole" is insulting to veterans attending career institutions in the private sector. Navy Veteran, career school grad-

¹Gallup, Toward a Better Future: Exploring Outcomes of Attending Career Colleges and Universities, January 15, 2019, <http://www.career.org/uploads/7/8/1/1/78110552/cecu-positive-outcomes-of-career-education-1.10.19-final.pdf>

²CECU, The Post-9/11 GI Bill Benefit (Veteran Success Stories), <http://vets4careered.org/wp-content/uploads/2019/06/CECU-Veterans-6x9-NEW.pdf>

³NDP Analytics collected Title IV and total revenue data from the Department of Education 90/10 database (Jul 2016 - Jun 2017), GI Bill and Yellow Ribbon Award data from the VA's GI Comparison Tool (Oct 2016 - Sept 2017), and Tuition Assistance program data from the Department of Defense TA DECIDE database (Oct 2016 - Sept 2017). We removed institutions from our analysis that have since closed based on the Department of Education Office of Financial Aid Closed School Reports. We manually updated one large institutions enrollment numbers based on a noticeable discrepancy in data provided from a Federal database. Institutions with multiple campuses are counted individually.

uate and VCE Ambassador James Lillback recently authored an oped in the Tennessean saying, “The critics of career schools want to manipulate a formula known as 90/10 to restrict how much GI Bill dollars go to these schools. This makes no sense. If a career school is doing a good job of educating veterans, taking away the right of veterans to gain job-ready skills at the school of their choice only hurts a veteran’s ability to successfully transition into civilian life.”⁴ James is an employed commercial truck driver in Tennessee.

In a separate opinion piece published in Military Times, two military veterans said proposals to change 90/10 “are not aimed at protecting the military community. If that were truly the motivation, then the rule would apply to all colleges and universities.”⁵ Analysis shows that more than 400 public and private nonprofit colleges and universities would fail an expanded 90/10 formula.⁶

A separate study by financial aid expert Mark Kantrowitz found that “Most public colleges would not be able to comply with the 90/10 rule if it applied to them, especially if state appropriations and grants were included in the percentage of revenue from government aid.”⁷ He goes on to say that “the 90/10 rule is ineffective at measuring educational quality. Instead, it depends heavily on the demographics of each college’s student population, measuring ability to pay more than willingness to pay.”⁸

Supporters of changing the 90/10 rule maintain that veterans are being targeted and aggressively recruited. It is essential for this Subcommittee to recall testimony in 2012 by Dr. Jennifer Steele.⁹ She said that given the negative attention by the media on for-profit schools, “one might assume it is the schools’ aggressive and targeted recruiting practices that are luring” veterans into these institutions. Put another way, “naive veterans are being tricked” into enrolling at these schools. Her research, however, uncovered a very different story.

Dr. Steele said, “Contrary to the prevailing image of veterans as undiscerning consumers of higher education, the veterans, Reservists, active duty servicemembers, and family members with whom we spoke described thoughtful deliberations about their choice of institutions. Students in for-profit colleges reported a number of rationales for their institutional decisions.”¹⁰

The top reasons for attending career schools in the private sector: tuition being covered by the GI Bill; the schools had adult-oriented, career-focused programs with flexible schedules; and the ability to transfer military experience to academic credits.¹¹

Dr. Steele brought up an important point in her remarks before this Subcommittee years ago when she testified. There is a suggestion that many veterans are being misled or tricked into enrolling at taxpaying career schools. This is flat out wrong. Army special forces guard member and advocate for veterans, Daniel Elkins, recently wrote an oped in the Hill saying, “As a country, we need to stop perpetuating the demeaning idea that we are ‘broken’ or in need of special guidance and protection. Restricting where and how veterans use our earned benefits disrespects the sacrifice and effort we made to earn it.”¹²

The proposed bill denies the right of veterans to use their earned education benefits at the career school of their choice. Veterans for Career Education (VCE) remains opposed to policies like modifying 90/10 since it restricts choice for veterans. CECU remains opposed. As a veteran that takes great joy in supporting other veterans at Triangle Tech, I don’t want to see veterans denied the opportunity to enroll at career schools. Please consider the drastic impact of changing 90/10 before advancing this bill.

⁴ James Lillback, Guest Columnist, The Tennessean, Veterans should use GI Bill for any education they choose- Opinion, July 10, 2019, <https://www.tennessean.com/story/opinion/2019/07/10/veterans-gi-bill-should-used-any-education/1634169001/>

⁵ Michael Dakduk and Larry Goerzen, Military Times, Opinion: Veterans Defend Right to Attend Career Colleges, June 20, 2019, <https://www.militarytimes.com/opinion/2019/06/20/opinion-veterans-defend-right-to-attend-career-colleges/>

⁶ Career Education Colleges and Universities, Press Release, Over 400 Public and Nonprofit Colleges Would Fail the 90/10 Rule, May 20, 2019.

⁷ Mark Kantrowitz, Edvisors, Consequences of the 90/10 Rule, August 19, 2013, <https://www.edvisors.com/media/files/student-aid-policy/20130819-90-10-rule.pdf>

⁸ Ibid.

⁹ Jennifer L. Steele, RAND Corporation, Military Veterans’ Experiences in For-Profit Higher Education, May 16, 2012, <https://www.rand.org/pubs/testimonies/CT376.html>

¹⁰ Ibid.

¹¹ Ibid.

¹² The Hill, We must support veterans and not politicize their education, April 1, 2019, <https://thehill.com/blogs/congress-blog/education/436809-we-must-support-veterans-and-not-politicize-their-education>

A draft bill to require that educational institutions abide by Principles of Excellence as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

Making Principles of Excellence (POE) a requirement as a condition of approval for VA education benefits is not problematic for CECU and our members. According to the Department of Veterans Affairs data, 87% of GI Bill students are enrolled at institutions that voluntarily comply with the Principles of Excellence already. Our members will embrace POE as we have already done.

Additionally, this explicitly calls for ending fraudulent and aggressive recruiting by making POE law. It also expands on limiting high-pressure recruitment tactics. Noticeably different than the 90/10 bill, this draft applies to all colleges and universities. If this legislation were to advance, proposals around 90/10 become even more questionable. After all, proponents of changing the 90/10 rule contend that veterans are targeted through aggressive recruiting and marketing. This draft bill, unlike the 90/10 draft bill, directly addresses the issue.

The Student Veteran Empowerment Act of 2019.

CECU fully supports veterans retaining their earned education benefits if they are unable to transfer their credits from a program that is disapproved. The provisions regarding additional oversight remain appropriate so long as they continue to apply to all sectors of higher education and are enforced uniformly. There must be objectivity in oversight.

A draft bill to increase the monthly housing stipend under the Post-9/11 Educational Assistance Program for individuals who pursue programs of education solely through distance learning on more than a half-time basis.

Veterans for Career Education (VCE) supports the right of veterans to use their earned education benefits at any type of approved institution or program of their choice. Student veterans that are enrolled exclusively through distance learning earned the same benefit as those enrolled at brick and mortar schools. CECU remains supportive of this draft bill.

A draft bill to provide for a requirement relating to the timing of the payment of educational assistance under the Post-9/11 Educational Assistance Program of the Department of Veterans Affairs, and for other purposes.

According to the 2015 GAO report, most GI Bill overpayments were from changes in student enrollment including dropped classes or withdrawals.¹³ A small percentage of GI Bill overpayments were due to school reporting or VA processing errors.¹⁴

We understand the need to prevent or mitigate overpayments. We believe in finding a common-sense solution to this issue. We would appreciate some more time to discuss with our members how the change in timing related to the payment of educational assistance may impact institutions and veterans. Conceptionally, we support the premise of this draft bill.

A draft bill to authorize the use of educational assistance under chapter 33 of that title to pay for preparatory courses for professional licenses and certifications, and for other purposes.

We support veterans being able to use their earned benefits for preparatory courses. Most of our members have short career programs that allow veterans to save much of their GI Bill for additional education and training. Authorizing veterans to pay for preparatory courses sets them up for continued success in gaining licenses and certifications.

A draft bill to require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

Earlier this year, the Education Department- as well as 16 other stakeholder groups including a representative for military veterans - negotiated new regulations

¹³ Highlights of GAO-16-42, a report to the Ranking Member, Committee on Homeland Security and Governmental Affairs, U.S. Senate, October 2015, <https://www.gao.gov/assets/680/673231.pdf>

¹⁴ Ibid.

that would help mitigate precipitous school closures. We are pleased this negotiated rulemaking Committee unanimously agreed on regulatory language in this important area.

Last month, postsecondary institutions received additional guidance on recently implemented regulations that make changes to financial responsibility provisions.¹⁵ Meanwhile, we are waiting for new regulations that seek to address financial responsibility and letters of credit.¹⁶

We ask that this Subcommittee and Congress allow proposed regulations at the Department of Education to become finalized before acting on additional requirements that may be duplicative or exacerbate a problem this draft bill seeks to address—precipitous school closures. Consider this: If we were to require a school already at financial risk to secure two separate letters of credit - one with each Department - we may end up causing such an institution to close simply because they cannot obtain two letters of credit for the same institution.

Three years ago, we offered an alternative solution to the issue of abrupt school closures. We convened a taskforce of leaders from our membership to make recommendations for Reauthorization of the Higher Education Act. We called upon the Department to take steps to prioritize keeping students in school and on a path to completion of their degrees. In doing so, our membership even volunteered to contribute \$5 per student enrolled to fund expertise within the Department Education to manage at-risk schools up through and concluding with the possible transfer of ownership and management to a new entity with both sound finances and quality programs.¹⁷

Think of the Federal Deposit Insurance Corporation (FDIC) model for banks. The FDIC identifies an institution at financial risk for continued operations. It then begins working with that bank and eventually transitions ownership from one entity to a new entity with little to no interruption of services for its customers.¹⁸ We need to get to this same place with colleges and universities. And it starts by establishing within the Department expertise that professionally work with schools to transition ownership and operations to protect the students currently enrolled in their academic programs.

Finally, please consider the shared responsibility between members of the current regulatory triad and the Department of Veterans Affairs (VA) and be cautious not to blur those lines by imposing on any one entity, including the VA, responsibilities beyond their expertise and intended role.

Conclusion

Thank you for inviting us to share our views with this Subcommittee. We welcome the opportunity to continue the conversation and find practical solutions to issues impacting military veterans and their families.

STATEMENT FOR THE RECORD

PARALYZED VETERANS OF AMERICA (PVA)

Chairman Levin, Ranking Member Bilirakis, and members of the Subcommittee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to submit our views on pending legislation impacting the Department of Veterans Affairs (VA) that is before the Subcommittee. No group of veterans understand the full scope of benefits and care provided by VA better than PVA's members—veterans who have incurred a spinal cord injury or disorder. Several of these bills will help to ensure veterans receive much needed aid and support. PVA provides comment on the following bills included in today's hearing.

¹⁵Office of Postsecondary Education, Compliance with the 2016 Borrower Defense to Repayment Regulations Questions and Answers, <https://ifap.ed.gov/eannouncements/060319Comp2016BD2RypmtRegsQandA.html>

¹⁶Federal Register (Education Department), Student Assistance General Provisions, Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program, <https://www.federalregister.gov/documents/2018/07/31/2018-15823/student-assistance-general-provisions-federal-perkins-loan-program-federal-family-education-loan>

¹⁷Career Education Colleges and Universities (CECU), CECU Offers Innovative Road Map to Modernize & Connect HEA to Jobs, <https://www.career.org/uploads/7/8/1/1/78110552/cecu—he-launch—memo.pdf>

¹⁸FDIC, When a Bank Fails - Facts for Depositors, Creditors, and Borrowers, <https://www.fdic.gov/consumers/banking/facts/payment.html>

H.R. 561, the “Protecting Business Opportunities for Veterans Act of 2019”

This pending legislation requires participants in the Vets First Program to certify that they are performing the required percentage of work and directs VA to refer suspected violators to the Office of the Inspector General for investigation. It also directs the VA Secretary to consider whether existing administrative and criminal penalties for fraudulent representation would apply in each case. PVA supports this effort to instill parity between veteran-owned small businesses and other small businesses that enter into procurement contracts with the Federal government.

H.R. 1615, the “Verification Alignment and Service-Disabled Business Adjustment Act”

PVA supports this legislation which would transfer the responsibility of certifying Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) and Veteran-Owned Small Businesses (VOSBs) from VA to the Small Business Administration (SBA). Over the past few years, considerable progress has been made streamlining rules and regulations for SBA and VA. Work still remains to rectify differences in the certification process between the two agencies (each one has their own) to eliminate confusion and ensure that contracts are only awarded to companies that are truly deserving of them. SBA’s successful employment of certify.sba.gov uniquely places them in a better position to assimilate accreditation tasks currently being performed by VA’s Center for Verification and Evaluation (VA CVE). Through this legislation, self-certification would be eliminated and the integrity of the SDVOSB and VOSB programs would be enhanced through the use of SBA as the sole certifying agency.

H.R. 2227, the “Gold Star Spouses and Spouses of Injured Servicemembers Leasing Relief Expansion Act of 2019”

PVA believes the same protections available to widows and widowers through the Servicemembers Civil Relief Act (SCRA) should be provided to the spouses of servicemembers who sustain a catastrophic injury or illness. We support H.R. 2227 which extends home and automobile leasing protections in the SCRA, allowing the spouses of catastrophically injured or ill servicemembers to terminate property leases and automobile leases. Spouses of servicemembers who have sustained a catastrophic injury or illness should not have to worry about the costs of terminating their residential and automotive leases, but instead, be able to focus on the care of their disabled servicemembers.

H.R. 2924, the “Housing for Women Veterans Act”

VA’s Supportive Services for Veteran Families (SSVF) Program awards grants to private nonprofit organizations and consumer cooperatives that provide supportive services to very low-income veteran families living in or transitioning to permanent housing. The Housing for Women Veterans Act would reauthorize funding for the SSVF grant program at \$400 million for Fiscal Year (FY) 2020 through FY 2022 and require that at least \$20 million goes to organizations that have a focus on helping women veterans and their families. H.R. 2924 also requires the VA Secretary to analyze existing VA programs that aid homeless or precariously housed women veterans to identify areas where these programs may be failing them.

Women veterans are at least twice as likely as their nonveteran counterparts to become homeless. They are also more likely to be a single parent with at least one dependent. PVA supports this effort to sustain an extremely valuable program, along with its targeted funding directed toward improving services for women veterans who have increased risk factors for homelessness.

H.R. 2934, the “GI Bill Access to Career Credentials Act”

VA pays only the test costs for licensing and/or certification for a field of employment, or up to \$2,000 for each test. Payment is issued after you submit proof of payment to VA. The costs of preparatory courses as well as registration and processing fees connected with obtaining a license or certification are not reimbursable.

PVA supports H.R. 2934 which amends Title 38 to allow the use of educational assistance programs under Chapter 33 to pay for preparatory courses for licenses and certification examinations. We believe veterans should be allowed to use their earned education benefits to pay for these courses and other requirements to help them transition to the civilian sector and/or prepare for a new career.

Discussion Draft, the “VA Economic Hardship Report Act”

This draft legislation directs the VA Secretary to compile data and subsequently study the link between certain economic factors and suicide. Suicide is a complex issue with a multitude of contributing factors so examining known causal factors

like unemployment and homelessness could be beneficial in reducing the rates of suicide and attempted suicide among veterans. We support this legislation but believe that veterans could be even better served if the study examined all known risk factors, their variance among different groups (e.g., disability status, age group, race, gender) and protective factors that could be reinforced to insulate veterans from the risk of suicide.

H.R. 716, the “Homeless Veterans Legal Services Act”

H.R. 716 authorizes the VA Secretary to enter into partnerships with public and private entities to provide legal services to homeless veterans and veterans at risk of homelessness so long as funds are available. It focuses on legal services related to housing such as eviction defense, foreclosure, and landlord-tenant cases; family law issues to include child support issues, divorce, estate planning, and family reconciliation; and criminal defense matters such as outstanding warrants, fines, and driver’s license revocation.

The lack of such legal services accounted for four of the top 10 unmet needs for all military veterans, according to a 2018 Project CHALENG (Community Homelessness Assessment, Local Education and Networking Groups) survey by VA.¹ Clearly the need for these services exist and we support this legislation but feel strongly that the Subcommittee should make certain funds are available by authorizing them for this and similar kinds of programs. Furthermore, VA should also support pro bono services offered by law school clinics and other similar entities that want to assist veterans with these services.

Discussion Draft, the “Legal Services for Homeless Veterans Act”

This proposed draft legislation compliments H.R. 716 by authorizing VA to provide grants or enter into cooperative agreements with community entities to provide legal services to veterans experiencing homelessness and veterans who are at risk for becoming homeless within appropriated funds. It further requires VA to submit a biennial report to Congress on the effectiveness of this program, including the number of veterans who were assisted and the types of services that were provided. Again, as indicated by VA’s 2018 Project CHALENG survey, the need for these services are clear but we call on Congress to take the necessary actions to ensure proper funding for them is available if this legislation is approved. Also, VA should support pro bono services where available.

Discussion Draft, to “Authorize the Secretary of Veterans Affairs to Collect Overpayments of Specially Adapted Housing Assistance”

This draft legislation amends section 2102 of Title 38 to require that whenever the Secretary finds an overpayment of specially adapted housing assistance has been made to a person as the result of a breach of contract or administrative error it should be repaid to the Federal government. As defined in this legislation, a person may be a veteran who applies for assistance; an owner or seller of real estate, a builder, contractor, supplier, tradesperson, corporation, partnership, or person related to or associated with the delivery of assistance; or an attorney, escrow agent, or financial institution that receives or holds escrow funds. It further defines a person as a surviving spouse, heir, assignee, or successor of interest to any of these previously described persons.

We agree that it is reasonable to expect the repayment of an overpayment. However, neither veterans nor their surviving spouses should ever be held responsible for a debt caused by VA’s error. This legislation should be amended to add a requirement that neither veterans nor their surviving spouses will be held liable in that circumstance. Furthermore, the waiver provisions in (f)(4) should be amended to include the veteran’s surviving spouse as being eligible for a waiver from VA and to ensure that a waiver be granted to a veteran or his or her surviving spouse anytime collection of an overpayment would result in financial hardship.

Discussion Draft, to “Revise Federal Revenue Limits for Proprietary For-Profit Institutions”

PVA supports this draft bill which would set limits on Federal funds allowed to be received by for-profit institutions. The “90–10 rule” in the Higher Education Act was created by Congress as a market viability test to protect taxpayers from artificially propping up a failing college of such low quality that no employer or student would be willing to pay for it. The law unintentionally creates a loophole that excludes VA and Department of Defense (DoD) funds in the cap on Federal funds that

¹Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) <https://www.va.gov/HOMELESS/docs/CHALENG-2018-factsheet-508.pdf>.

colleges otherwise face. The real-world impact of the loophole means that for every dollar of GI Bill or DoD tuition assistance, schools become eligible for another \$9 of Title IV funds, thus incentivizing some schools to target military-connected students. Closing this loophole is necessary to help protect servicemembers, veterans, and their families. Provisions in this draft legislation would achieve this by defining Federal funds to include payments from the GI Bill.

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

TRAGEDY ASSISTANCE PROGRAM FOR SURVIVORS (TAPS)

The Tragedy Assistance Program for Survivors (TAPS) is the national nonprofit organization providing compassionate care for the families of America's fallen military heroes. TAPS provides peer-based emotional support, grief and trauma resources, grief seminars and retreats for adults; Good Grief Camps for children; and casework assistance, connections to community-based care, online and in-person support groups, and a 24/7 resource and information helpline for all who have been affected by a death in the Armed Forces. Services are provided free of charge.

TAPS was founded in 1994 by Bonnie Carroll following the death of her husband in a military plane crash in Alaska in 1992. Since then, TAPS has offered comfort and care to more than 80,000 bereaved surviving family members. For more information, please visit TAPS.org.

TAPS receives no government grants or funding.

Chairman Levin, Ranking Member Bilirakis, and distinguished members of the House Veterans Affairs Committee Subcommittee on Economic Opportunity, the Tragedy Assistance Program for Survivors (TAPS) thanks you for the opportunity to make you aware of issues and concerns of importance to the families we serve, the families of the fallen.

While the mission of TAPS is to offer comfort and support for surviving families, we are also committed to improving support provided by the Federal government through the Department of Defense (DoD), the Department of Veterans Affairs (VA), Department of Education (DoED), Department of Labor, state governments, government contractors, and local communities for the families of the fallen - those who fall in combat, those who fall from invisible wounds and those who die from accidents, illness or disease.

TAPS was honored to enter into a new and expanded Memorandum of Agreement with the Department of Veterans Affairs in 2017. This agreement formalizes what has been a long-standing, informal working relationship between TAPS and the VA. The services provided by TAPS and VA are complementary, and in this public-private partnership each will continue to provide extraordinary services through closer collaboration.

Under this agreement, TAPS continues to work with surviving families to identify resources available to them both within the VA and through private sources. TAPS will also collaborate with the VA in the areas of education, burial, benefits and entitlements, grief counseling and other areas of interest.

Draft legislation, to amend title 38, United States code, to authorize State Approving Agencies to carry out outreach activities

This legislation clarifies language in title 38 to allow State Approving Agencies (SAAs) to conduct outreach programs.

The SAAs maintain a crucial role in safeguarding the GI Bill at the state level and ensuring that only quality programs have access to GI Bill funds. TAPS supports this provision as long as approving programs and surveys remain their primary goals. TAPS recommends conducting a smaller pilot program in a few states to determine if it is successful before allocating larger funds to outreach conducted by the SAAs.

Draft Legislation, to amend title 38 United States code to require proprietary for-profit educational institutions to comply with Federal revenue limits to participate in educational assistance programs of the Department of Veterans Affairs

With the massive improvements made to educational benefits under the GI Bill over the last 15 years between the Post 9/11 GI Bill and Forever GI Bill, there has

been an even larger target added to the backs of veterans, survivors, and servicemembers due to the 90/10 loophole.

While closing the 90/10 loophole is a top education priority for TAPS, we have a lot of concerns with the draft text as written. Mostly, it only applies to For-Profit schools. While the bulk of the problem lies within the for-profit industry, there are also bad actors in other sectors of education. There has also been an uptick in for-profit to not-for-profit conversions. Most of these schools are not any better as not-for-profits but are converting to get around the tightened regulations on the for-profit industry. Schools like Grand Canyon University have managed to convert to a not-for-profit while still having their physical campus owned by a for-profit entity. Ashford University, dealing with extensive legal issues related to SAAs and approval, has applied to convert to a not-for-profit while still heavily targeting military-connected students to gain access to their GI Bill benefits. TAPS is concerned that just closing the 90/10 loophole for the for-profit sector will only cause us to be back here in a few years to close it for all, after many of these schools convert to not-for-profits to get around the regulation.

In addition, TAPS is concerned about the VA Committee having jurisdiction over this issue. The closure of the 90/10 loophole should reside with the Education & Workforce and HELP Committees, as it is not just the GI Bill that's impacted but also Tuition Assistance for active duty servicemembers. TAPS would prefer to see the 90/10 loophole closed in the Higher Education Act (HEA) reauthorization or as a stand alone from one of those Committees.

TAPS recognizes making some progress on this issue is better than none and would support the passage of the bill if no other compromise on 90/10 can be made in other Committees. However, our preference would be a closed 90/10 loophole for all included in the HEA reauthorization.

H.R. 2227, To amend the Servicemembers Civil Relief Act (SCRA) to authorize spouses of servicemembers who incur a catastrophic injury or illness or die while in military service to terminate leases of premises and motor vehicles, and for other purposes.

TAPS keeps an extensive database to track the care and support we provide to surviving families. In researching information for this testimony we discovered only one case where a surviving spouse was not allowed to be released from a lease upon the death of her servicemember husband. TAPS casework assistance connected her with our pro bono legal partner and they were able to get her released from her lease.

We also queried several of our government partners to see if they had encountered any problems with surviving spouses being held to their leases after the active duty death of their servicemember. They had not encountered any spouses who had this problem.

That said, there may be many surviving spouses, including the spouse in Representative Busto's district, who encounter a reluctance on the part of their landlord to release them from their lease after the active duty death of their servicemember and may be forced to pay extra rent or termination fees. We applaud Representative Busto for providing a remedy for this undue burden during a time of grief.

We believe that the language to amend the SCRA included in this proposed legislation, "The spouse of the lessee on a lease may terminate the lease during the one-year period beginning on the date of the death of the lessee, if the lessee dies while in military service" serves to codify what should already be an act of kindness and civility towards a recently bereaved military surviving spouse.

The history of the Servicemembers Civil Relief Act dates back to the Civil War, when a moratorium was passed to suspend certain actions against Union soldiers and sailors. This included contract enforcement, bankruptcy, foreclosure and divorce proceedings. This was codified in the Soldiers' and Sailors' Civil Relief Act of 1918. That act expired after World War I, but it came back as the Soldiers' and Sailors' Civil Relief Act (SSCRA) of 1940.

The Servicemembers Civil Relief Act of 2003 (SCRA), 50 USC App §§501-596, signed into law on December 19, 2003 and amended December 10, 2004, completely rewrote and replaced the Soldiers' and Sailors' Civil Relief Act (SSCRA) of 1940. The SCRA (and previously the SSCRA) protects those persons who serve on active duty for the nation's defense, from adverse consequences to their legal rights that may result because of such service, so that such persons may devote their full attention and all their energies to the nation's defense. The SCRA strengthens the protections originally granted by the SSCRA, extends certain protection for dependents of the member on active duty, and creates new protections for members. The SCRA provides protection for members in civil court and administrative actions. It also pro-

vides protections for issues involving taxation, house/apartment leases, car leases, interest rates and insurance.

The SCRA applies to all military members on Federal active duty. This includes the regular forces, Reserves and National Guard in Title 10 active duty. The SCRA also applies to the Coast Guard and officers in the Public Health Service and National Oceanic and Atmospheric Administration (NOAA) in support of the Armed Forces. In limited circumstances (i.e., evictions, joint leases), the SCRA may apply to dependents of the military member. In November 2009, President Obama signed into law the Military Spouses Residency Relief Act (MSRRA) which amends the SCRA to provide additional protections to spouses of servicemembers relating to residency, taxes, and voting rights. The SCRA applies to all 50 states of the United States and to all territories (i.e., Puerto Rico, U.S. Virgin Islands, Guam and the Marianas Islands) subject to U.S. jurisdiction.

Under the terms of the SCRA, a servicemember may terminate a lease earlier than the date named in the lease, if the servicemember gives proper notice and is terminating the lease due to a permanent change of station (PCS) move or a deployment. The lease must be signed by the servicemember or on behalf of the servicemember (by the use of a power of attorney). The protection is extended to the dependent spouse if he/she needs to terminate the lease during the servicemember's deployment or PCS. If a spouse enters into a lease on their own name, without the servicemember, the SCRA does not apply.

TAPS supports the legislation as written.

Draft Text, To amend title 38, United States Code, to provide for a requirement relating to the timing of the payment of educational assistance under the Post 9/11 Educational Assistance Program of the Department of Veterans Affairs, and for other purposes.

Many surviving family members have been negatively impacted due to overpayments from the VA relating to educational expenses. TAPS supports the legislation to amend the payment dates and thinks this is a much needed fix to a long-term problem.

Draft text, To direct the Secretary of Veterans Affairs to study the link between certain economic factors and veteran suicides.

The largest number of survivors coming to TAPS over the last 5 years have been to suicide loss. Of the 85,000 surviving family members TAPS supports, 15,000 of them lost a loved one to suicide. With an estimated 20 veterans dying by suicide a day, it is crucial that we do research into the factors that impact suicide and fully acknowledge that economic factors could play a role in it.

TAPS is hopeful that the proposed study could help identify key factors that VA and DoD could use to prevent future suicides. TAPS adamantly supports the proposed legislation. We believe the more information we have the more we can do to prevent future suicides.

Draft Text, to amend title 38, United States Code, to require that educational institutions abide by Principles of Excellence as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs, and for other purposes.

TAPS supports the Principles of Excellence (POE) as a program, but we do not support the draft legislation. We feel it does very little to actually provide any protection for students. We have seen top tier schools opt not to participate in POE, while mid to lower level schools chose to participate in the program. There is a lot we can do to further student protections for those using GI Bill benefits, such as closing the 90/10 loophole, monitoring for-profit to not-for-profit conversions, preventing schools from accessing GI Bill if less than a certain percentage of funds goes towards education, and taking away access to GI Bill for any school facing Federal or state penalties for violating current laws. We do not think forcing the Principles of Excellence on schools eligible for GI Bill benefits will be useful. We also worry that it will discourage top tier universities from wanting to participate in GI Bill programs in the future.

Draft Text, to amend title 38, United States Code, to require that certain educational institutions have letters of credit as a condition of approval for purposes of the educational assistance programs of the Department of Veterans Affairs and for other purposes.

TAPS applauds the Committee for this proposal. Mandating a letter of credit could go a long way in protecting military connected students in case a school closes and ensuring that the school is held liable if it closes. TAPS also thinks this will

help weed out some of the schools that do not have good outcome measures and will help ensure that only quality programs have access to GI Bill funding. TAPS adamantly supports this measure.

Draft Text, to amend title 38, United States Code, to make certain improvements in the educational assistance programs of the Department of Veterans Affairs and for other purposes, Student Veteran Empowerment Act of 2019.

TAPS was grateful to the Committee for the restoration of benefits included under the Forever GI Bill in order to restore benefits of those impacted by the closures of ITT Tech and Corinthian Colleges. We were dismayed that it only covered that time period, but understood it was cost prohibitive to make it permanent at that time. With several other school closures since then, we are excited to see that the Committee is reconsidering making the restoration of benefits permanent and aligning it with the Department of Education's rules for Pell Grants and Federal student loans. TAPS fully supports this proposal.

TAPS thanks you for the opportunity to provide this statement for the record in support of this important legislation.

SVA GRAPHICS

