



TESTIMONY OF
STUDENT VETERANS OF AMERICA

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY

OF THE

COMMITTEE ON VETERANS' AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

HEARING ON THE TOPICS OF:
"PENDING LEGISLATION"

FEBRUARY 06, 2020



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

Thank you for inviting Student Veterans of America (SVA) to submit our testimony on pending legislation before the subcommittee.

With a focused mission on empowering student veterans, SVA is committed to providing an educational experience that goes beyond the classroom. Through a dedicated network of more than 1,500 on-campus chapters in all 50 states and 4 countries representing more than 750,000 student veterans, SVA aims to inspire yesterday's warriors by connecting student veterans with a community of like-minded chapter leaders. Every day these passionate leaders work to provide the necessary resources, network support, and advocacy to ensure student veterans can effectively connect, expand their skills, and ultimately achieve their greatest potential.

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 paramount.

We appreciate the opportunity to share our views on many of the bills which will directly impact student veterans, their families, and survivors. While many of the proposed bills being discussed today are technical fixes or adjustments to existing benefits, many would require IT changes to Department of Veterans Affairs' (VA) existing IT infrastructure. In addition to considering the substance of these bills, we strongly encourage consideration of the requisite funding needs to ensure successful implementation.

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Draft legislation, To amend title 38, United States Code, to make an individual eligible for educational assistance under chapter of such title and who transfers such educational assistance to a dependent solely liable for any overpayment of such educational assistance

This proposed legislation would remove liability for overpayments made by VA for transferred education benefits in cases of the transferring individual not completing the agreed upon service contract granting transfer authority.

SVA supports this draft legislation. It addresses an uncommon but serious situation that may arise from the existing statute. To illustrate, consider the circumstance where a dependent, typically a spouse, is using transferred education benefits in good faith, but due to the transferring individual's failure to complete the necessary service agreement those benefits are revoked. Any unused benefit is returned to the veteran and any used benefit is considered an improper overpayment by the Department of Veterans' Affairs (VA).¹

Based on current law, the scenario above would result in both the transferring individual and the dependent being held "jointly and severally liable" for the debt.² In our view this is unreasonable. The dependent used these benefits in good faith and the overpayment is caused through no fault of their own. Obviously, but importantly, there is way a dependent can fulfill the necessary obligation to maintain those benefits. They are wholly at the mercy of the behavior of the transferring individual. Thus, the responsibility should be left with the transferring individual.

We appreciate Subcommittee staff incorporating our earlier concerns regarding the removal of all liability for overpayments from dependents. Scenarios such as the above are distinct from the more common occurrences, such as enrollment changes at a school causing an overpayment. In those cases, and similar ones, the liability should rest with the person using the benefit. We appreciate committee staff's willingness to address this and look forward to final text.

¹ 38 U.S. Code § 3319 - Authority to transfer unused education benefits to family members, <https://www.law.cornell.edu/uscode/text/38/3319>

² Id.

Draft legislation, the VET-TEC Improvement Act

This draft legislation proposes to make certain eligibility expansions to the ongoing Veteran Employment Through Technology Education Courses (VET TEC) pilot program for both individuals and program providers.

SVA is supportive of this draft legislation and, generally, of efforts to expand VET TEC to meet the demands of veterans across the country. The program is an excellent opportunity for veterans to develop their skills in some of the most high-demand fields today and we are supportive of Congress' efforts to improve the field of offerings for veteran education and training.

With that stated, our one concern is the trend of establishing new, innovative, and exciting pilot programs only to adjust or amend them a year or two later. We understand these pilots are typically for new ideas, so it stands to reason there may be some common-sense adjustments that need to be made following their enactment. However, doing so necessarily introduces noise into the data set. Once the pilot has run its course, and we begin to parse through the results to determine whether to continue the program, it becomes difficult – and sometimes impossible – to separate the original design from the amended. We would encourage Congress to consider the impact to the results of a study before amending a pilot.

H.R. 5052, the Wage Adjustment for Veterans Enrolled in School, or WAVES Act

This bill proposes to bring aspects of VA's work-study program into parity with the Federal work-study (FWS) program by ensuring student veterans are paid the prevailing wage among Federal, State, or Local law.

SVA fully supports this draft bill. According to Federal Student Aid Handbook, "FWS employers must pay students at least the federal minimum wage in effect at the time of employment. If a state or local law requires a higher minimum wage, the school must pay the FWS student that higher wage."³ This draft language would simply bring VA work-study into wage parity with existing FWS guidance and provide student veterans the same economic opportunities already given to other students.

Further, based on feedback we received at our last two Leadership Institutes, a leadership training program for the top student veteran leaders, there are a few areas of improvement we would like to see addressed as VA continues to modernize their work-study program. The feedback repeatedly discussed the paper-based model as antiquated, cumbersome, and lethargic on getting paychecks to student veterans. The method is an unreliable source of income. Transitioning to a web-based system that mirrors some of the successes of ED's work-study program is overdue. In fact, we would like to thank this Subcommittee for their efforts to address this specific issue with last year's H.R. 3535, the GI Bill Work-Study Improvement Act of 2019.⁴ We hope to see renewed discussion around this bill's merits as we see it as a bipartisan, common-sense solution to this issue.

Additionally, the lack of parity between ED work-study employment options and options under VA work-study, which are limited to positions directly related to VA, is a source of frustration to SVA chapters. It is understandable there is a propensity to have VA funds spent on VA needs, but Congress should examine ways student veterans can take part in opportunities available to other students under ED work-study that better align with career goals.

Draft legislation, the Class Evaluation Act

This legislation proposes to delay GI Bill payments to schools until seven days after the start of a school term.

As the Government Accountability Office (GAO) report from October 2015 makes clear, VA has an ongoing issue

³ The Federal Student Aid Handbook, Chapter 2, Federal Work-Study Program, p. 6-49.
<https://ifap.ed.gov/fsahandbook/attachments/1920FSAHdbkVol6Ch2.pdf>

⁴ Congress.gov, H.R. 3535 - the GI Bill Improvement Act of 2019, <https://www.congress.gov/bill/116th-congress/house-bill/3535?q=%7B%22search%22%3A%5B%22h.r.+3535%22%5D%7D&s=1&r=1>

with overpayments made on behalf of the GI Bill.⁵ This report illustrates how significant these debts are, how negatively they impact student veterans, and how quickly they must be addressed to avoid further disruption of veterans' lives. Compounding this problem is VA's method of correcting these overpayments. VA recoups GI Bill overpayments directly from students, even though the school received the tuition money.⁶ 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.⁷ 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 mandating a delay in GI Bill benefit payments might compound VA's ability to make timely benefit payments to students and schools. We encourage this Subcommittee to host additional conversations with ED on the feasibility of implementing a batch payment model like ED has been using for decades. The Department of Education 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 ED 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 amend title 38, United States Code, to provide for the treatment by the Department of Veterans Affairs of for-profit educational institutions converted to non-profit educational institutions

This bill proposes a ten-year window for VA to conduct oversight of for-profits institutions that convert to non-profit status.

Thanks to tireless advocacy from student and consumer rights' groups, leaders in Congress, and a growing awareness by the public of predatory practices of some institutions, many of the worst providers in higher education have come under increased scrutiny in recent years. In response to this increased awareness and scrutiny, there is a worrying trend of proprietary institutions converting to nonprofit status to avoid some of VA's requirements while maintaining the same predatory behavior. To better protect student veterans, Congress should enact standards of oversight to prevent bad actors from taking advantage of nonprofit status by creating protections against hiding fraud, waste, and abuse.

SVA supports this draft bill's intent, but we believe there are better methods available to address our concerns. In fact, the House recently passed an example of this in H.R. 4625, the Protect the GI Bill Act, which includes robust language giving VA significant authority across all institution types to act when institutions operate outside of the best interests of their students. It establishes higher requirements for approval of title 38 benefits, broader approval and disapproval authority, and improves communication between ED and VA. It echoes our position that any adequate response to the clear need for greater oversight of the conversion process will include expanded authorities for VA to act in conjunction with *and independent of* other agencies.

⁵ POST-9/11 GI BILL: Additional Actions Needed to Help Reduce Overpayments and Increase Collections, <https://www.gao.gov/products/GAO-16-42>

⁶ Cornell Law School, Legal Information Institute. 38 U.S. Code § 3680. <https://www.law.cornell.edu/uscode/text/38/3680>

⁷ 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>

To better explain the need for greater authorities at VA, consider that there are two issues at hand: the regulatory weakness that currently exists between ED and the Internal Revenue Service (IRS) and VA's long-standing lack of authority to act on bad actors in the nonprofit space.⁸ Solving the former is treating the symptoms of the problem, solving the latter is treating the root cause. Inserting VA directly into the void between ED and IRS narrowly addresses one issue, but not the other.

Existing statutes governing VA's approval process hamstringing the agency from acting on bad actors in the public and not-for-profit proprietary space because, once these programs are accredited by an ED-approved agency, VA must deem them approved for title 38 benefits.⁹ Short of an accreditor withdrawing accreditation from an institution, VA is largely prohibited from acting on bad behavior. In turn, this creates a haven for bad actors in the for-profit space seeking to get out from under VA's more-stringent regulations – especially the 90-10 rule.

Meanwhile, the Department of Education currently relies on the IRS label in determining nonprofit status. It is unreasonable to expect ED to be able to rely wholly on the IRS to improve their monitoring of the nearly 1.5 million organizations they exempt.¹⁰ According to the Government Accountability Office (GAO), the IRS reexamines less than one percent of nonprofits annually.¹¹ Beyond the IRS designation, there is no routine effort to ensure a school is following the basic expectations of nonprofits after a conversion.¹²

We encourage Congress to continue looking for ways to provide additional oversight of the conversion process and look forward to working with members of this Subcommittee on furthering protections for student veterans.

Draft legislation, To amend title 38, United States Code, to require the Secretary of Veterans Affairs to collect and include certain student outcome information in the GI Bill comparison tool of the Department of Veterans Affairs, and for other purposes

This draft legislation proposes VA enter into an agreement with the Department of Education (ED) and the Internal Revenue Service (IRS) to provide additional student outcome data for veterans and dependents.

SVA supports this draft legislation. We strongly believe improving the quantity and quality of information available to veterans allows them to make more-informed decisions about where to use their education benefits.¹³ There are, however, improvements that would make the process of considering education options significantly better. Additionally, increased IT budget resources should be devoted to implementing important congressional mandates, and the GI Bill Comparison Tool is no exception.

Since inception in 2014, the GI Bill Comparison Tool has proved to be an invaluable source of information for veterans trying to understand the value of their GI Bill as they considered different education options. However, there is a lack of coordination between ED and VA with the College Navigator, College Scorecard, and GI Comparison Tool, reducing the overall delivery of powerful data to veterans.^{14 15 16} The Comparison Tool has unique and important data, necessitating a separate tool from ED's current options, but the underlying data is not being shared effectively, leaving prospective students an incomplete view of their options.

⁸ Shireman, Robert. The Covert For-Profit: How College Owners Escape Oversight Through a Regulatory Blind Spot. The Century Foundation. Retrieved from: <https://tcf.org/content/report/covert-for-profit/?agreed=1>

⁹ Cornell Law School, Legal Information Institute. 38 U.S. Code § 3672. <https://www.law.cornell.edu/uscode/text/38/3672>

¹⁰ Urban Institute, National Center for Charitable Statistics, Core Files (2005, 2010, and 2015); and the Internal Revenue Service Business Master Files, Exempt Organizations (2006–16)

¹¹ U.S. Government Accountability Office, "Tax-Exempt Organizations: Better Compliance Indicators and Data, and More Collaboration with State Regulators Would Strengthen Oversight of Charitable Organizations," December 2014, <http://www.gao.gov/assets/670/667595.pdf>.

¹² Shireman, Robert. The Covert For-Profit: How College Owners Escape Oversight Through a Regulatory Blind Spot. The Century Foundation. Retrieved from: <https://tcf.org/content/report/covert-for-profit/?agreed=1>

¹³ Student Veterans of America. Testimony for Legislative Hearing on the Topic of "Pending Legislation" March 07, 2019. Senate and House Committees on Veterans' Affairs. <https://www.veterans.senate.gov/imo/media/doc/5%20-%20SVA%20Testimony%2003.07.19.pdf>

¹⁴ College Navigator, National Center for Education Statistics, US Department of Education, <https://nces.ed.gov/collegenavigator/>, Accessed 01 March 2019

¹⁵ College Scorecard, US Department of Education, <https://collegescorecard.ed.gov/>, Accessed 03 February 2020

¹⁶ GI Bill Comparison Tool, US Department of Veterans Affairs, <https://collegescorecard.ed.gov/>, Accessed 03 February 2020

The data running the Comparison Tool are largely restricted to VA's internally available data, which are also limited, notably excluding many student veterans who run out of benefits prior to graduation or elect alternative funding sources. Noting those current limitations, SVA appreciates the continued availability of the raw data powering the GI Bill Comparison Tool, which affords external entities to run complementary research and analysis to support additional feedback to VA and policymakers.

There are several additional improvements we believe would make the tool a more effective and complete information source for students. SVA fully acknowledges the proposed improvements will require dedicated IT funds and we hope to see dedicated funds included for these projects in future budgets.

The tool currently lacks an effective side-by-side comparison function. Students primarily use the tool for its "look up" function for familiar institutions as that is effectively the best option the tool currently offers. Student veterans should also be able to rate their schools, thereby affording future student veterans direct consumer feedback like Amazon's verified user rating system. In 2013, Public Law 112-249 mandated the statutory requirement for VA to launch, "centralized mechanism for tracking and publishing feedback from students," like 'Amazon reviews,' yet this functionality is still missing.¹⁷

Finally, we encourage VA to develop a mechanism to maintain closed schools within the tool, versus having them merely disappear. This disappearance of schools from the tool also applies to the associated data, leaving significant gaps in the overall picture.

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In addition to the legislation above, SVA supports the draft legislation amending title 38 to clarify and expand eligibility for the Edith Nourse Rogers STEM Scholarship, and the draft legislation requiring electronic certificates of eligibility be provided to those entitled to VA educational assistance. We echo the stated benefits extolled by VA about this change in their FY2020 Budget Submission and, as we have stated previously, request any additional IT update be accompanied by a matching funding increase. It is unreasonable to hold VA accountable for the numerous updates and improvements demanded of them while simultaneously failing to provide the resources necessary to complete them.¹⁸ We encourage Congress to continue working with VA and others to better understand the IT requirements for these proposed bills and future changes.

The success of veterans in higher education is no mistake or coincidence. Research consistently demonstrates this unique population of non-traditional students is far outpacing their peers in many measures of academic performance.¹⁹ 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.

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

¹⁷ Public Law 112-249, "Comprehensive Veterans Education Information Policy", <https://www.govinfo.gov/content/pkg/PLAW112publ249/pdf/PLAW-112publ249.pdf>

¹⁸ Department of Veterans Affairs, FY2020 Budget Submission, Volume III. <https://www.va.gov/budget/docs/summary/fy2020VAbudgetvolumeIIIbenefitsBurialProgramsAndDeptmentalAdministration.pdf>

¹⁹ Cate, 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://invest.studentveterans.org/wp-content/uploads/2017/03/NVEST-Report_FINAL.pdf.