OVERSIGHT ON THE MONTGOMERY GI BILL (CHAPTER 30)

HEARING

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, TRAINING, EMPLOYMENT AND HOUSING

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

MARCH 7, 1996

Printed for the use of the Committee on Veterans' Affairs

Serial No. 104–14

U.S. GOVERNMENT PRINTING OFFICE

24–148 CC WASHINGTON : 1996

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-052683-3

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CONTENTS

Page

OPENING STATEMENTS

Chairman Buyer 1
Prepared statement of Chairman Buyer 43
Hon. G.V. (Sonny) Montgomery, Ranking Member, Committee on Veterans Affairs 1
Hon. Frank Mascara, a Representative in Congress from the State of Pennsylvania 2
Prepared statement of Congressman Mascara 53
Prepared statement of Congressman Cooley 51

WITNESSES

Abell, Jim, University of Maryland/continuing student 25
Adams, Lt. Col. Thomas, American University (Active Duty) 26
Atwell, Noelle, Veteran Student Services, University of Maryland 26
Avent, Hon. Ray, Deputy Under Secretary, Veterans Benefits Administration, Department of Veterans Affairs 32
Prepared statement of Mr. Avent 74
Bemis, Hon. Al, Deputy Assistant Secretary, Manpower and Personnel, OSD/Reserve Affairs, Department of Defense 7
Prepared statement of Mr. Bemis 67
Dollarhide, Celia, Director of Education Services, Department of Veterans Affairs 37
Ebbesen, Lt. Gen. Samuel E., USA, Deputy Assistant Secretary of Defense, Military Personnel Policy, Department of Defense 4
Prepared statement of General Ebbesen 59
Mayo, Kelly, student, University of Maryland 21
Prepared statement of Ms. Mayo 73
Turpin, Charles, USMCR, student, Prince George's Community College 24

MATERIAL SUBMITTED FOR THE RECORD

Chronology:
"Increases in Costs of Education," submitted by Chairman Buyer 50
Statements:
Air Force Sergeants Associations 80
The American Legion 82
Veterans of Foreign Wars 85
Pre-hearing written committee questions and their responses:
Chairman Buyer to Department of Defense 90
Chairman Buyer to Department of Veterans Afairs 103

Page

Written committee questions and their responses:
Chairman Buyer to Lt. Gen. Samuel E. Ebbesen, USA, Deputy Assistant Secretary of Defense, Military Personnel Policy 92
Congressman Montgomery to Lt. Gen. Samuel E. Ebbesen, USA, Deputy Assistant Secretary of Defense, Military Personnel Policy 98
Chairman Buyer to Hon. Al Bemis, Deputy Assistant Secretary, Manpower and Personnel, OSD/Reserve Affairs 100
Congressman Montgomery to Hon. Al Bemis, Deputy Assistant Secretary, Manpower and Personnel, OSD/Reserve Affairs 101
Chairman Buyer to Hon. Ray Avent, Deputy Under Secretary, Veterans Benefits Administration 106
Congressman Montgomery to Hon. Ray Avent, Deputy Under Secretary, Veterans Benefits Administration 110

OVERSIGHT ON THE MONTGOMERY GI BILL (CHAPTER 30)

THURSDAY, MARCH 7, 1996

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EDUCATION, TRAINING,
EMPLOYMENT AND HOUSING,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The hearing met, pursuant to call, at 9 a.m., in room 334, Cannon House Office Building, Hon. Steve Buyer, (chairman of the subcommittee), presiding.

Present: Representatives Buyer, Hutchinson, Evans, Mascara, and Montgomery (ex-officio).

OPENING STATEMENT OF CHAIRMAN BUYER

Mr. BUYER. Good morning. The subcommittee will come to order.

At today's hearing, we will review the Montgomery GI Bill and entertain suggestions on how to increase the buying power of veterans education benefits. We welcome distinguished panels of veterans education experts from the VA, and representatives of the Department of Defense. Most importantly, I'm looking forward to discussing the issue with current users of the GI Bill.

Before we proceed, I want to pay special honor and tribute to the distinguished Ranking Member of the full committee, Sonny Montgomery, who is with us today, for his untiring efforts on behalf of veterans education. As everyone in America knows, Mr. Montgomery has announced he will retire after 30 years service as a Member of Congress. Not only yourself, but it looks like the entire 30-year club is going to retire. How many of you are there?

Mr. MONTGOMERY. Well, there were three in my class, all three of those.

Mr. BUYER. Well, I would like to recognize you, Mr. Montgomery, for any comments you have to say.

OPENING STATEMENT OF HON. G.V. (SONNY) MONTGOMERY, RANKING MEMBER, COMMITTEE ON VETERANS AFFAIRS

Mr. MONTGOMERY. Well, thank you very much for having this hearing. I think it's important that we continue to update the GI Bill and find out ways that we can help individuals to increase their education, help the military. So, I want to thank you, Mr. Chairman, and members of this subcommittee, for having this hearing.

It's not all that safe, sometimes people take a shot at the GI Bill to change it. As you know, the Senate tried last year to increase

the $100 a month contribution to $125 month to take away the inflation factor, and just not do it to other educational programs, and we just felt that wasn't exactly right, and the military were strong endorsers of keeping the program like it was and improving it.

Thank you, Mr. Chairman.

Mr. BUYER. Thank you.

I'd like to note we have a special visitor with us today, Mr. Ji Xiaoming. Is he here? Yes, thank you. We welcome you to this meeting room. He is from the Chinese Ministry of Civil Affairs, who is here to observe proceedings today. He's in our country to take a look at how we put together veterans affairs, and they are also, somewhat intrigued that in China, a Communist Nation, power is centralized within their Government. Here in the United States power rests with the people, and I think they are intrigued when power rests with the people and we are willing to bring in members of the Government and ask them questions about how we do things. So, it's the complete opposite, it's kind of a flip-flop, and I don't mind sharing the democratic process with other Nations.

I have a statement that I'd like to submit in full for the record and I'd like to make several comments. One is that I recognize that veterans education benefits, I believe, serve two purposes. First, they offer the opportunity for a veteran to increase his or her earning power through higher education and training following service, and by doing so, the veteran education benefit continues the democratization of education started by the original World War II GI Bill.

Second, military recruiters use this readjustment benefit to help persuade young adults and their families to answer the call to service to their country.

I'll take the rest of my statement and submit it to the record.

The second comment is there are several of us in the Congress who have been very disappointed with the National Service Program and how it competes in the young talent pool. I just do not believe that you can invigorate idealism in the youth by the purchasing of volunteerism, and I believe that it denigrates real humanitarian service.

[The prepared statement of Chairman Buyer appears on p. 43.]

Mr. BUYER. I'd like to recognize Mr. Mascara, if he would have any comments he'd like to make.

OPENING STATEMENT OF HON. FRANK MASCARA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. MASCARA. Yes, thank you very much, Chairman Buyer.

Good morning. I'm pleased to be here this morning and starting off on the right foot within an oversight hearing to review the operations of the historic Montgomery GI Bill. This program, rightfully and proudly named for this committee's ranking Democrat, Sonny Montgomery, has allowed millions of members of the Armed Services all across this country to obtain higher education or to participate in a whole range of training programs.

Those who have studied the history of this vital program know it was virtually single-handedly enacted in the mid-1980s by Rep-

resentative Montgomery, my party's "Mr. Veteran," as a modernization of the original GI Bill.

Needless to say, the current program stands as a model of how to encourage our bright, young and brave members of the military to better themselves. Just as Sonny dreamed, it is a unique and immensely effective program, and the only major federal educational assistance benefit that is earned by those who use it.

Each active duty member of the Armed Service or reservist who enrolls in the program helps pay their own way by contributing $1,200. After 10 years, 70 percent of the costs of the program have been paid for by the participants, not many other federal programs can make that claim.

From its beginnings, the Montgomery GI Bill has time and time again more than met its two primary goals of assisting veterans to readjust to civilian life and helping our military recruit the best and brightest young men and women needed to make our all volunteer Armed Services work.

I know first hand the importance of the GI Bill and what it can do for our young citizens.

As many of you know, I come from a part of the country that lost hundreds of thousands of jobs in the 1970s and 1980s, in the wake of the closing of countless steel plants and mines. As a result, many of the area's young people turned to the military as a way to acquire training and a possible career. Today, thousands of my constituents are active duty military personnel or in the reserves.

When they leave the military, they naturally turn to their GI Bill benefits as a way to get a degree and a good paying job.

Like some of those who will testify before us today, I wish there was a way we could boost these benefits so that they more adequately cover the cost of an education.

Knowing how greatly students rely upon their monthly GI benefit to buy books and eat, I was most disturbed that during the two recent Government shutdowns that new students could not receive benefits and some work study students could not go to work. This should never have happened, and I hope that it doesn't happen again, and I'm anxious to be reassured that the backlog that built up during these shutdowns has been eliminated.

I also want to add my concern to that which has been expressed by Representative Montgomery about plans to possibly move the Educational Service Center from the VA Central Office to St. Louis. I want to hear the rationale behind that proposal. The bottom line is that service simply cannot be curtailed.

I also want to express my support for the notion of setting up an 800 number that students could call to self-certify themselves each month. I am not acquainted with all the details, but I can see this would certainly help simplify the current process.

Finally, I want to say, Sonny, you should be proud of your efforts. This program is a great tribute to you. I am humbled and honored to be able to serve with you on this important committee. We are certainly going to miss you next year, and I think I can speak for all us here in promising you that we will work hard to see that the GI Bill continues to function as a top-notch educational and military tool. God bless you.

Thank you very much, Mr. Chairman.

[The prepared statement of Congressman Mascara appears on p. 53.]

Mr. BUYER. The first panel today is Army Lieutenant General Samuel Ebbesen, Deputy Assistant Secretary of Defense for Military Personnel Policy, and we welcome you, General. With him is the Honorable Al Bemis, Deputy Assistant Secretary for Manpower and Personnel of the Office of Reserve Affairs. Mr. Bemis, of course, is no stranger to these proceedings or this room, having served Mr. Montgomery after his retirement from the Army for 22 years. He was with Mr. Montgomery from 1988 until the start of the 104th Congress, and we welcome you back to this room.

Gentlemen, you may summarize your remarks and your entire statement will be submitted for the record. I'll also note that the Air Force Sergeants Associations has submitted their testimony, and it will also be entered into the record, and I will operate under the 5-minute rule.

[The statement of the Air Force Sergeants Associations appears on p. 80.]

Mr. BUYER. General, you may proceed.

STATEMENT OF LT. GEN. SAMUEL E. EBBESEN, USA, DEPUTY ASSISTANT SECRETARY OF DEFENSE, MILITARY PERSONNEL POLICY, DEPARTMENT OF DEFENSE ACCOMPANIED BY HON. AL BEMIS, DEPUTY ASSISTANT SECRETARY, MANPOWER AND PERSONNEL, OSD/RESERVE AFFAIRS

STATEMENT OF LT. GEN. SAMUEL E. EBBESEN

General EBBESEN. Good morning, Mr. Chairman. I am pleased to appear before the subcommittee this morning to discuss the Montgomery GI Bill program for the active services. There is little doubt that the Montgomery GI Bill has met or exceeded the expectations of its sponsors and has been instrumental in the success of the All-Volunteer Force.

Thank you for entering my written statement into the record, and I appreciate that very much.

As you know, we recently celebrated the 50th anniversary of the original GI Bill. The noted economist, Peter Drucker, described the GI Bill by saying, "Future historians may consider it the most important event of the 20th century." Perhaps the most far-reaching provision of that bill was the financial assistance it made available for veterans to attend college.

The Montgomery GI bill traces its lineage directly to the World War II GI Bill with one important change. While all earlier GI Bill programs were designed only to ease the transition to civilian life from a conscripted military force, since 1973 we have defended this Nation with volunteers. The Montgomery GI Bill today is not only designed to assist in the readjustment of former servicemembers to civilian life, but also plays a major role in military recruiting.

In that regard, the Department continues to be successful, both in the number and quality of the accessions, thanks largely to the Montgomery GI Bill. During fiscal year 1995, all services met their recruiting objectives, assessing over 180,000 first-time enlistees, and I might add, with excellent recruit quality.

Mr. BUYER. I'm sorry, you said all services met their recruiting objectives?

General EBBESEN. Yes, sir, all services met the recruiting objectives.

Ninety-six percent of new recruits were high school diploma graduates, compared with 93 percent in 1985, the first year of the Montgomery GI Bill. Even more dramatic is a change in above average aptitude recruits. Seventy-one percent of new recruits scored above average on the enlistment test in 1995, compared to 62 percent in 1985. Moreover, in fiscal year 1985, 7 percent of our new recruits scored the lowest acceptable aptitude category. We assess fewer than 1 percent in this category now.

Through the first 4 months of fiscal year 1996 the services met their numeric goals and the quality of enlisted accessions remained extremely high. Ninety-five percent of new recruits were high school diploma graduates, while 68 percent scored above average on the enlistment test.

Incentive programs such as the Montgomery GI Bill are vital to our success in attracting bright and well-educated people into our military.

As our recruiting efforts have been particularly successful over the past 10 years, so have the Montgomery GI Bill enrollment rates continued to rise each year since the program's inception. With 95 percent of eligible recruits choosing to enroll in fiscal year 1995, as compared to only 50 percent in the first year of the program, a total of 2 million men and women from an eligible pool of 2.7 million have chosen to participate in the program since it began in 1985. Such participation, I will say, clearly demonstrates the attractiveness of this program.

In the early 1990s, we saw America's Armed Forces facing a significant reduction in size as the Cold War ended. As with any major strength reduction, the lives and career expectations of many in the work force became uncertain. However, unlike in the last major draw down of forces after Vietnam we wanted to ensure that all affected servicemembers were treated with the respect, dignity and appreciation they so richly deserved.

Your committee, sir, was instrumental in this, with the extension of the Montgomery GI Bill eligibility to those who either chose to leave service voluntarily or who were involuntarily separated as a result of the draw down.

During the draw down, over 18,000 servicemembers who were voluntarily separated enrolled in the program, and over 11,000 of them have chosen to use their education benefits. I think that speaks for itself.

Of the servicemembers involuntarily separated since February 1991, over 23,000 of them have enrolled in the Montgomery GI Bill program.

Given our recent recruiting successes, we think our current basic benefits appear to be adequate as enlistment incentives. However, I will caution, if college costs, especially tuition fees, continue to rise significantly above inflation, which is up about 43 percent now, the amount of the stipend provided by the Montgomery GI Bill will require close monitoring to keep the program competitive.

Recognizing the tight resource climate we all face, we welcome the opportunity to work with your subcommittee to seek innovative ways to keep the existing stipend at a satisfactory level, both to attract new recruits and to help pay for a college education.

To that end, the Department is attempting to maximize existing educational programs which are used during service as an effort to give separating servicemembers a head start on their educational goals. Extensive in-service education programs allow many members to separate with a portion of their 4-year college program completed. This is a result of either traditional programs, such as service-funded tuition assistance, or non-traditional programs, such as college placement testing and academic credit for military training and experience. Therefore, many veterans, after leaving active duty, are able to enroll in a college program not needing the total 36 months of the Montgomery GI benefits to complete a 4-year degree.

Mr. Chairman, I am elated to report at this time that the Department has made great strides in improving the accuracy of the data which is used to establish eligibility for the Montgomery GI Bill benefits. Two years ago, when over 15 percent of the records in the program database did not contain sufficient information to identify participants' eligibility, we told you at that time we had established a goal of reducing the unknowns rate to less than 5 percent. I'm happy to report that this was an ambitious goal, but as of January of this year only 3.5 percent of those records are coded unknown, and I guarantee you we will continue to pursue unknowns and improve the data.

Before I conclude, I want to take this opportunity to pay tribute to Congressman G.V. Sonny Montgomery, the man for whom the GI Bill was named. With his pending retirement from Congress, this may well be his last formal hearing on the bill, and it's important to let him know how grateful we have been for his support.

In July 1995, Secretary of Defense Perry presented Mr. Montgomery with the Department of Defense Medal for Distinguished Public Service in a ceremony commemorating the 10th anniversary of the Montgomery GI Bill. I have included the citation in my statement, and I ask, sir, that you include it in the record.

Mr. BUYER. So ordered.

General EBBESEN. From a personal standpoint, I want to thank the former Chairman for his friendship to me personally, and to so many others in the Department over the years. We wish to thank him for caring deeply about the welfare of both our servicemen and women. It's been an inspiration to all of us. We thank you, and we will miss you, sir.

Mr. Chairman, I know you will agree that significant improvements have been made in military manpower over the past 10 years. Today, our voluntary military stands ready, willing, and able to defend our Nation and its values and principles around the world. Credit for success in attracting and retaining high-quality personnel belongs in no small part to the Congress and, in particular, sir, to this subcommittee, for providing us with the Montgomery GI Bill program.

Largely as a result of the program, we have been able to increase and then sustain recruit quality, despite a shrinking pool of eligible youth in a period of fiscal austerity.

Sir, I thank you again for the opportunity to appear before you today, and I look forward to your questions.

[The prepared statement of General Ebbesen appears on p. 59.]

STATEMENT OF HON. AL BEMIS

Mr. BEMIS. Good morning, Mr. Chairman, and members of the subcommittee. This is not my first appearance before this committee. In a previous life, while I was still on active duty, I testified about the benefits of the Montgomery GI Bill for the active components, and I'm pleased to appear before you today to discuss the Reserve Montgomery GI Bill and the challenges to its recruitment value in light of today's rapidly rising tuition costs.

The Montgomery GI Bill for the Selected Reserve is a non-contributory program that provides educational assistance to selected Reserve members who enlist, reenlist, or agree to serve in the Selected Reserve for 6 years. Unlike previous GI Bill programs, and the Montgomery GI Bill for the active components, this program provides the benefits before the qualifying military service is completed, and this unique characteristic transforms the Montgomery GI Bill Selected Reserve into, not only an important recruiting tool, but also into a powerful retention tool.

Once the servicemembers become entitled to benefits, they have 10 years in which to use them, providing they continue to serve in the Selected Reserve. For full-time students, the benefits are currently paid at a rate of $197.90 per month for up to 36 months of education.

Evidence of the program's effectiveness is reflected in high overall participation. During fiscal year 1995, more than 95,000 Selected Reservists received Montgomery GI Bill education benefits, and since the inception of the program over 375,000 National Guard and Reserve members have applied for education assistance.

Studies conducted by our Sixth Quadrennial Review of Military Compensation and other studies by the Rand Corporation confirm that the Montgomery GI Bill for the Selected Reserve continues to be one of the most important recruiting and retention incentives for the Reserve components. It has been particularly important with respect to retention. Information collected during our 1986 DOD Reserve component survey, which was 1 year after implementation, indicated that the Montgomery GI Bill was a major contributing factor for remaining in the Guard and Reserve for 40 percent of the servicemembers. In the 1992 DOD Reserve component survey, that percentage had risen to 48 percent, and it's my belief that today it is still one of the most important factors for remaining in the Guard and Reserve.

We are beginning the planning for our fiscal year 1998 survey, and that will be distributed in the fall of 1997, and we intend to, again, include a whole series of questions to explore attitudes and actions of Guard and Reserve members based on their experiences and expectations of the Montgomery GI Bill.

Despite expenditure and recipient growth since inception, the value of the Reserve Montgomery GI Bill in covering college tuition

fees has declined. In 1985 dollars, it offset 23 percent of the total education cost. In 1994 this dropped to only 18 percent. Likewise, if you consider just tuition and fees only, it has decreased from 45 percent to only 33 percent during that same time period.

The automatic increase provision enacted by Congress a few years ago is a great way to offset the erosion of the benefit. However, when only a partial increase or no increase is provided in a given year, the value of the Montgomery GI Bill will be eroded more.

On the positive side, there are some exciting things happening. One is the recruitment value of the Montgomery GI Bill. I want to thank the Congress for including two new "kicker" programs in the 1996 Defense Authorization Act. This legislation allows for payment of a "kicker" up to $350 a month for Selected Reserve members in addition to their Montgomery GI Bill Selected Reserve benefits, if they enlist in a critical specialty or unit.

A "kicker" of up to $350 was also authorized to be given in conjunction with the active duty Montgomery GI Bill to servicemembers who have separated from active service and affiliate with a selected Reserve, again, in a designated unit or specialty.

What does this do for us? Well, the Reserve "kicker" on the Reserve program allows the Reserve components to compete for the smart motivated kids who aren't willing to go on active duty, but want to affiliate with the military and want to begin college right away.

The Reserve "kicker" on the active program allows us to attract those individuals who have decided to leave active duty and go back to school. They are smart, motivated and have an honorable discharge or they wouldn't be eligible to use the Montgomery GI Bill, and by using this "kicker" authority we believe we can get them for a 6-year burst in the Selected Reserve, and when added to their 3 or 4 years of active duty gives them 9 to 10 years of service. At that point, they are heavily vested, and we have a high probability of keeping them as career reservists.

But, the real beauty of this lies in the fact that for every one of these trained prior service individuals we get it is one less non-prior service enlistee we have to recruit and train, thereby saving some big bucks. As Mr. Montgomery used to tell me all the time, "The best soldier we can get is the one we already have."

We've begun working with the services on an implementation plan for these "kickers." Important items for us to address in the plan are, establishment of critical units and the specialties, considerations of levels or bands for "kicker" payment amounts, and identification of funding for the service budgets. We anticipate a trial period beginning in fiscal year 1997, with full implementation in fiscal year 1998.

To supplement the recruiting and retention value of the Montgomery GI Bill Selected Reserve, the Reserve components have been strong supporters of non-traditional education programs. Because the Montgomery GI Bill Selected Reserve Program does not meet the full cost of education, these non-traditional programs have been important in stretching the reservist education dollar.

The Defense Activity for Non-Traditional Education Support Activity, DANTES, is a great friend of the reservist. It has offered support to that equaled to the active duty members. The services and servicemembers have realized significant benefits through the voluntary education services such as credit by examination and credit by evaluation. These time-saving programs are successful methods of cost avoidance through accelerating a student's academic progress by awarding credit for what the student already knows or has experienced, much of which is based on his or her military service.

In 1995, the Florida Pilot Testing Program was begun, which authorized all selected reservists in Florida to take the DANTES Standard Subject Tests and the College Level Examination Program, CLEP, exams at 25 National Testing Centers at participating colleges and universities in Florida. This allowed reservists to drive to the nearest testing center, instead of being forced to travel to a distant Reserve Education Center for the exams. The servicemember is required to pay an $8 fee for the testing to the test center, and then DANTES pays for the exam. This test program in Florida will extend through December of this year, when it will be evaluated to determine if it should be continued or expanded nationwide. Use of these National Testing Centers helps to maximize the education assistance available to reservists, but it still doesn't solve the problem of the rapidly rising cost of education.

In closing, I, too, want to add my thanks to Congressman Montgomery on behalf of all seven of the Reserve components. Until the Montgomery GI Bill, there was no real education assistance program for the Reserve components, and he's made that a reality for them.

I want to thank you again for this opportunity to discuss this vital recruiting and retention tool for our Reserve components, and I'm prepared to answer your questions.

Thank you.

[The prepared statement of Mr. Bemis appears on p. 67.]

Mr. BUYER. Thank you, gentlemen.

The tuition spiral that we are facing began around the late 1970s and early 1980s, and many at the time attributed it to the need to spread costs over a declining student pool. But, when you look at the facts, the actual enrollments from 1980 to 1990 grew from 11.4 to 13.6 million students, and so we've had that steady gain of about 20 percent. Yet, tuition rose at twice the rate of inflation.

We went through tremendous debate within the country on the rising costs of health care, but when you correlate it to the rising costs of student tuition it doesn't even come close. It's amazing when you compare that cost.

It is my sense is that the Pentagon and American colleges and universities will be the last institutions to restructure in our society. That's my present sense. And, I almost cringe when they say, "well, let's just pour more money into it." Sometimes, as Americans, we like to jump more at the solution rather than spending more time on the problem.

I met with a midwestern college president yesterday, who informed me that he has 15,000 employees at his university, and he

was here begging for more research grants and research money, as our colleges and universities continue to exist under their own standards and audit procedures.

So, there's a real task in front of a lot of us. So, we are going to enter a period of stagnation with regard to how much money gets poured into certain programs. At some point in time, the universities must, in fact, restructure.

When dollars become scarce, though, it also forces us to think. So, my question to you, General, is that we have multiple educational programs within each of the services, is that correct?

General EBBESEN. That's correct, sir.

Mr. BUYER. Why is it necessary to absorb all the additional overhead with that approach? Why couldn't we move to more of a common goal and manage an educational program that would be DOD wide? Why has that never been approached?

General EBBESEN. Well, I think, Mr. Chairman, that there is a move toward that end in some regards. As we look to tuition assistance, for example, the recent study done by the Marsh panel recommends that we take a hard look at making sure across the spectrum that everybody is getting the same kinds of benefits.

We are responding to that, as a matter of fact, at this point in time. By the end of March I think we will have a first draft of a program, we'll sort of equalize that piece across the services.

That's one step.

Some of the other things that we are doing I think are important. For example, the Department has established the Service Opportunity Colleges, which is a network of approximately 1,200 colleges and universities. It's ascribed to criteria designed to meet the needs of members of this mobile population. Things that they do for our population are very interesting: they try to use programs such as minimum residency requirements and award credit for military training and experience. They give them credit for learning through nationally recognized testing programs, and accept transfer credits from other member universities (which is sometimes difficult to do in the normal process of the educational system).

Mr. BUYER. So, what I'm hearing is that DOD, in fact, would favor an umbrella, I guess a unified umbrella type program designed to ensure full credit under guidelines. Yes? No?

General EBBESEN. In what regard are you speaking Mr. Chairman?

Mr. BUYER. Here's what I have in my mind, we've got the services with their own multilevel educational programs. I'm thinking it can be more effective if DOD has a one program that's well managed and DOD uses the power to make sure there's full accreditation, so when they leave the services and go out, that they receive these credits. That way we don't have as much economic draw on the GI Bill.

General EBBESEN. I think the principle is worthy and we'll look at it. We are looking at it, as a matter of fact. As I said earlier, some of that has already begun, and the indications I have at this juncture in time from the folks who are dealing with the education pieces is that they are moving toward that particular kind of process.

Mr. BUYER. Okay. Would you please keep us informed?

General EBBESEN. Sure, absolutely will.

(The information follows:)

Actually, there has been a concerted effort recently on the part of Ms. Carolyn Becraft, Deputy Assistant Secretary of Defense (Personnel Support, Families and Education), to centralize DOD policy and oversight of the voluntary off-duty education program for military personnel. She has reorganized to bring proponency for this important program directly into her staff and has made Voluntary Education one of our top priorities for this year. She has revised DOD Directive 1322.8, which is the governing regulation for voluntary off-duty education programs, and is currently staffing it within the Department.

A number of other initiatives are in the planning stage to reinvent the way this program operates to provide more uniformity and efficiency. We are aware of a number of problems that need to be corrected; however, DOD in my view, should not attempt to become an academic accrediting body. A major goal of the DOD off-duty voluntary education program is to ensure that college credits earned by servicemembers can readily be used to acquire a degree and, if necessary, be transferred to many American colleges and universities with ease. The best way to assure transferability is to support servicemembers' enrollment in recognized and fully accredited postsecondary institutions. Then, if a servicemember does not finish all the requirements for a degree before separation, he or she can continue to work on that degree at the same institution without loss of credit. Any DOD effort to provide accreditation, apart from existing mechanisms through recognized Regional Accrediting Associations, would increase the likelihood that credits would be lost if they were issued by a governmental agency rather than a civilian academic institution.

Additionally, the economic draw on the Montgomery GI Bill would not necessarily decrease with more credits completed while on active duty. Exactly the opposite may be true. The more credits a servicemember earns while on active duty, the more likely he or she would be to continue studies using the Montgomery GI Bill. servicemembers who finish degrees while on active duty may actually create a larger economic draw on the MGIB, since those servicemembers would probably use it to pursue more expensive graduate-level work.

Mr. BUYER. All right, thanks.

I'll have other questions, but let me turn now to Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I want to thank you again for having this hearing, and the support that you have given the GI Bill over the years, and to my colleague, Frank Mascara, thank you very much for what you've said and your interest in myself and the legislation.

Lane Evans was the author, I don't know whether he wants to take credit for it or not, of naming the GI Bill the Montgomery GI Bill. Do you recall that, Lane?

Mr. EVANS. Very proud of that, Mr. Chairman. We've had a few disagreements in the past. I'm wholeheartedly behind you on this one.

Mr. MONTGOMERY. Thank you, and to Tim Hutchinson for his support and his friendship.

General, you mentioned that you—did you say that the current basic benefit level is adequate to attract quality and quick learners into the active duty services?

General EBBESEN. Yes, sir, I did say that, and the reason is that we are doing very well in our recruiting piece of the pot. Our recruiting statistics have been above the standard now for the last 3, 4 years.

As an incentive to recruiting, I think it's working very well. If you look at our advertising, the Montgomery GI Bill and its benefits are major drawing cards for us to get people into the military.

I just sat through some sensing sessions, with a host of various groups, both high school students and their parents, and I will tell you that the Montgomery GI Bill comes up all the time as a drawing card to get people interested in the services.

So, when you look at the fact that we're doing so well, and it's because of this program, I think we have to conclude that what we've got right now is good.

But, I might caution, sir, as I said earlier in my statement, that with inflation, and tuition and fees especially, going up so dramatically, that if we are not careful we might be overcome by events. That's why I think the discussion we had with the Chairman earlier, about what can we do to assist people in service to get as much college as they can under their belt prior to them going out and using the benefits of the bill, is important. We are really serious about doing that in the Department—we're making every effort we can to make sure that that is available to them.

Mr. MONTGOMERY. Thank you.

The Chairman mentioned earlier, there are several educational programs out there now that are sponsored by the Federal Government. If we are not careful, they could have more benefits than the educational benefits for a military person who has to sign up for 3 years, has to pay, as Frank Mascara said, has to pay the $1,200 in, or if they come into the Guard and Reserve they have to sign up for 6 years. For some of these educational programs, I'm afraid we make it too easy for the participants, and sometimes they think they don't have to pay back the loans, and this is something the Government ought to do.

General, thank you for what you mentioned, I appreciate it. You were here the night that the Secretary of Defense gave me this service award for the GI Bill, I'm very proud of it.

Al Bemis, thank you for the service you've given us, and enjoyed working with you. You are doing a super job over in the Defense Department. There are a lot of things going on, such as you mentioned the "kicker" program for the National Guard and Reserve. I know we are not making our recruiting levels, certain skills in the National Guard and Reserves, and I certainly hope you'll use the "kickers" in that way to help. You've got to have people do training and recruiting, you've got to have these units up to strength to really know how to train.

Mr. BEMIS. Yes, sir.

Mr. MONTGOMERY. Thank you.

Mr. BUYER. Mr. Mascara, you are recognized for 5 minutes.

Mr. MASCARA. Thank you, Mr. Chairman.

My question is more mundane than the Chairman's regarding more broad issue of the cost associated with carrying out the GI Bill. Given my teaching degree I'm always interested in talking about the reading levels and, of course, the GED as being acceptable. I understand the recruiters are asking whether we should permit individuals with a GED to enroll.

So, would you want to comment whether there's been any rise, or are we looking more closely at reading levels before accepting individuals?

General EBBESEN. Sir, as you know, everyone has to take a standardized test when they come in that measures the standard

kinds of things such as math, English, and those skills relative to learning. Everyone goes through that process.

Recruiters, though, prefer to go out and get high school graduates because they have the low first term attrition rates and they are the best folks we've got in terms of staying with us for a longer period of time—it's about 80 percent for high school graduates. Recruiters are not precluded from going out and getting individuals with GEDs or home diplomas and other alternative credentials.

Our evaluation forecast models, though, do tell us that up to 10 percent of a session cohort can possess an alternative degree credential and still do very well and still remain cost effective for us. So, there's no policy out there that says you can't recruit those people at all.

A recent evaluation of education credentials and attrition rates we had done recently sort of confirmed that those who do not have a high school diploma tend to attrit twice as fast as those who have got a high school diploma. So, there is some evidence to that, but there's absolutely nothing to restrict recruiters from recruiting people who have those alternative credentials.

Mr. MASCARA. Thank you, General

General EBBESEN. Yes, sir.

Mr. BUYER. Mr. Hutchinson.

Mr. HUTCHINSON. Thank you, Mr. Chairman, and let me praise Mr. Montgomery for his work on this. He deserves all the laudation that he's received. He's going to get a lot more this year, but this is certainly one of your great legacies in your service to veterans.

General, let me pick up on something Mr. Montgomery said when he talked about the competing scholarship programs and education programs that are out there for those who are not in the service, and I think we found in our Education Committee, that there are over 700 different education programs and if I remember correctly, 47 different scholarship programs, so all of which tend, to some extent, dilute the impact of the Montgomery GI Bill and its incentive to the service.

I know you've commented in your remarks on the advertising that you do in the recruiting literature, and the brochures, the magazines and so forth. Is the advertising budget on the Montgomery GI Bill up or down, or how has it been impacted? Where does it stand?

General EBBESEN. Yes, sir. We've got a pretty extensive advertising program. The number this year in our advertising program was $22 million. Of that amount, about $200 thousand was spent in Montgomery GI Bill advertising.

Now, we have a very, I think, good advertising program. It deals with direct mail. In the direct mail piece we send out brochures to every 18-year-old person registered with the Selective Reserve, and additionally those brochures also go out to all the counselors in high schools across this country.

Mr. HUTCHINSON. The total advertising was how much?

General EBBESEN. $22 million.

Mr. HUTCHINSON. And, how much was Montgomery GI Bill?

General EBBESEN. We spent about $200,000 directly in the Montgomery GI Bill advertising.

Mr. HUTCHINSON. Okay.

General EBBESEN. But, I might add that in every piece of the literature you see, regardless of whether it's directly programming for the Montgomery GI Bill piece, it's mentioned.

Mr. HUTCHINSON. You mentioned that, and I don't know whether these were focus groups or exactly how it was calculated, but that on new recruits many of them mention the Montgomery GI Bill as being a factor. Has there been any definitive tracking as to the greatest incentive for recruitment? Do we have any direct statistics on what the correlation is between the Montgomery GI Bill and desire to enter the service?

General EBBESEN. Sir, I can—anecdotally I can tell you from my own experience, but I'll go back and check, I think there may be some statistics that correlate to that.

Mr. HUTCHINSON. I think focus groups are good, and anecdotes are fine, but it would sure be nice if there is some way of tracking that very accurately and statistically.

General EBBESEN. We'll get it back for the record.

(The information follows:)

In the 1995 Youth Attitude Tracking Study, 33 percent of the 16- to 21-year-old males and 36 percent of the 16- to 21-year-old females chose "Pay for Education" as the single most important reason for considering enlistment in the military.

Mr. HUTCHINSON. Okay.

What percentage of new recruits enroll in the Montgomery GI Bill?

General EBBESEN. Right now, sir, enrollment is about in excess of 95 percent.

Mr. HUTCHINSON. And, what percentage of those, after they separate from the service, utilize the Montgomery GI Bill?

General EBBESEN. Let me get that specifically for the record, but it's very high.

(The information follows:)

As of the end of fiscal year 1995, 49.7 percent of veterans enrolled in the MGIB and separated between July 1, 1985, and September 30, 1994, have taken advantage of their MGIB benefits. Veterans who separated in fiscal year 1995 are not included in this statistic in order to give all separatees at least 1 year to start using their MGIB benefit.

Mr. HUTCHINSON. Okay.

Do you have a figure, a percentage on how many use tuition assistance while they are in the service, or an approximation on how many are utilizing tuition assistance?

General EBBESEN. Last year we spent about $133 million in tuition assistance, but I don't have the numbers. I have not collected the numbers with me that use it specifically, but I can provide that number for the record.

(The information follows:)

About one-third of active duty servicemembers use tuition assistance. Currently, that is about one-half million members of the 1.5 million member force.

Mr. HUTCHINSON. Are there any figures on how many credits they would have obtained when they separate from the military?

General EBBESEN. Each of the services has a number of credits that they allow. For example, the Army limits it to 12 credits, the Marine Corps will pay for up to about, I think, six credits fully funded, so depending on the service there is a difference in the level of credits they can obtain.

However, I will tell you that they can go out and with the other programs get credit for things like specialties in which they work, courses which they've taken. For example, in the Army, for an Army information operator who has separated after completion of his first term of service, the educational guide or American Council on Education, ACE, which we employ to validate all those kinds of things for the colleges and universities, will recommend that about 6 credit hours be given to that particular individual for what he has done and the courses he has taken in the service.

Mr. HUTCHINSON. But see, the cap on the number of credits obtained, I guess that's budget driven. I mean, it seems to be the more they can obtain while they are in the less reliant they are going to be upon the Montgomery GI Bill and the less economic strain there's going to be on that program if we could do more on the tuition assistance while they are in.

General EBBESEN. It's a budget-driven decision by each of the services.

Mr. HUTCHINSON. Okay.

Is there a correlation between those who use the tuition assistance to the maximum and those who use the Montgomery GI Bill, after separation? I would think there would be a close correlation.

General EBBESEN. I would think there would be a correlation, but I'm intuitively answering the question, I don't have anything definitive. We'll run it down and get it back to you for the record.

(The information follows:)

A 1988 study of the DOD Tuition Assistance Program conducted by the Defense Manpower Data Center found that tuition assistance participation rates tend to increase with the level of education of the servicemember. Extrapolating that finding would suggest that those who use tuition assistance to the maximum are the ones who would be most likely to use additional MGIB benefits to the maximum. Any definitive answer would involve an extensive study conducted in concert with the Department of Veterans Affairs.

Mr. HUTCHINSON. Okay. I think that would be helpful.

And, I'm about out of time, but are there any figures on how many using Montgomery GI Bill, the percentage who actually complete their Bachelor's degree?

General EBBESEN. I don't have that number with me, sir.

(The information follows:)

According to the Department of Veterans Affairs, "In VA's current benefit system of records, degree achievements are not tracked. Schools are not required to notify VA that individuals will complete their program at the end of the reporting period."

Mr. HUTCHINSON. Those questions are in the record now, if you could follow those up with some information I would appreciate that.

Thank you very much.

Mr. MONTGOMERY. Would the Chairman just yield.

Mr. BUYER. I'd be glad to yield.

Mr. MONTGOMERY. I know time is up, and this is a peculiar matter I'm bringing up.

It used to be in your advertising, especially on television, you would say the Montgomery GI Bill, but the New York advertising firms they've dropped the Montgomery and they put it in small print that you can't find it. I don't know whether it's against the

name, I'd like to ask the General what was the problem on dropping the name of the bill, which was Montgomery GI Bill?

General EBBESEN. Sir, it wasn't really a problem. What happened, as you are well aware, is that we contract out with a major advertising agency, they develop the bill of lading for the program. When it was developed this last time we just dropped the ball and didn't ensure that that was in there. We'll make sure it's in there now, as we responded back to you previously.

Mr. HUTCHINSON. Reclaiming my expired time, I just thought that the $200,000 out of $22 million was a pretty low percentage, too, but I'd just make that comment, and thank you, Mr. Chairman.

Mr. BUYER. Mr. Evans, you are recognized for 5 minutes.

Mr. EVANS. Thank you, Mr. Chairman. I want to thank you for holding this important hearing, and I do want to salute Sonny Montgomery. He's been a tremendous bull dog on this issue and pushed this through. This bill changes people's lives, allows people that never would have had the opportunity to advance themselves to do so. I think this is a great tribute.

There's three of us on the Armed Services Committee, General, on this panel, so we are glad you are taking a second look about putting the Montgomery GI Bill back into the commercial or we might hold up some funding if we had to.

General, your statement indicated that enlistees are fully briefed on the GI Bill, the Montgomery GI Bill, at the military entrance processing centers, that's boot camp in other words.

General EBBESEN. Yes, sir, they are, and I will tell you that all the services take that particular process pretty seriously.

Mr. EVANS. I—excuse me, I'll let you finish.

General EBBESEN. As you will see, the lesson plans that they use are all validated lesson plans at the corporate level. The instructors that are designated to do that across each of the services are qualified instructors. In fact, in the Army, at each of the training centers, one individual, one position is specifically earmarked to be an instructor in that particular program.

Mr. EVANS. And, I was at the former Navy boot camp in San Diego some years ago to see that, but I would say about 95 percent of the group that was in front of us did sign up knew about it.

I wonder if we couldn't do more to reach out to that 5 percent who might think, well, the military is going to be my career, you know, you are also very disoriented your first few days in boot camp and so forth, and I'm not sure that you can fully pay attention to the importance of something that's occurring in your life after you get out of the Armed Forces, is there something more that the recruiters can do? I mean, 95 percent participation level is pretty exemplary, I agree, but I'm just—I felt like going up and shaking some of these young recruits that weren't signed up, because it really is virtually no cost to them and a great benefit to them when they get out. Are there other things we can do to improve that?

General EBBESEN. Well, right now, sir, I think we are in the process of doing a video, which I think will go a long way, because visual things, I think, in this generation that we're in right now,

as you are aware, leave a lasting impact on people. We are going to use that to supplement a lot of the things that we are doing now.

Mr. EVANS. Where would that be shown?

General EBBESEN. That will be shown at the training centers.

Mr. EVANS. Can we get that video out to the recruiters, so that——

General EBBESEN. Absolutely, sir. The recruiters want everything they can get their hands on, in terms of the Montgomery GI Bill, because of the value it has to them. It's the single most important product that they have to entice people into the military these days. It works for them, including, of course, we have all kinds of advertisements that go out to, not only schools, but to parents, as well as to those who we are targeting.

Mr. EVANS. There have been calls here in Congress, and in other places, to limit the cost of living adjustment asked in the GI Bill, what would that do to recruitment if the word got out that veterans were not receiving a full cost of living adjustment the way other beneficiaries, in terms of recruitment and maybe also readjustment benefits?

General EBBESEN. Well, I would say, sir, that any time that you are limiting the dollars that you put in one's pocket, and your employment benefits are going to be less than inflation, I think there is an impact on recruiting, because people will not want to enter into a profession that is not going to properly take care of them.

Mr. EVANS. Right.

Can you tell us the current balance in the Educational Benefit Fund?

General EBBESEN. Yes, sir. The number is $484 million.

Mr. EVANS. Is this sufficient to meet our needs, at least for the present?

General EBBESEN. The DOD actuaries who provide the oversight for us tell us that at the current time we have sufficient funds in the pot to take care of our needs. And, of course, the actuaries meet every year and go over the requirements.

Mr. EVANS. All right, thank you, General.

General EBBESEN. Yes, sir.

Mr. EVANS. Mr. Chairman, thank you.

Mr. BUYER. One thing, General, since I've got you here, this is kind of our Armed Services Committee question at the same time. You don't mind do you? We've got three, we outnumber you.

I remember, we had a rider on the Defense Authorization Bill, there were some of us concerned on the committee about the college and universities and their insensitivities with regard to the military, and some of the universities not permitting ROTC, some not permitting recruiting. We submitted that rider, the President signed the bill saying, "all right, no to the government contracting." Have you heard any response back from colleges and universities? Have we gotten their attention or not?

General EBBESEN. We haven't heard any massive response back from them at this particular point in time, but we are executing the program, and we have not had any major feedback that I can pass on to you.

As we go down the road, sir, I will make sure that we give you some feedback on how that is going, but we have not had any

major feedback at this juncture. But, I think the message was sent and the message, I think, is being received.

Mr. BUYER. And, the implementation plan is in writing right now.

General EBBESEN. Yes, sir, I believe the directive is in final coordination or it's out.

Mr. BUYER. You know, it's not only my personal goal, but I'm sure other members that are here, with regard to making sure that colleges and universities take contracts above the $10,000 amount described in Title 42, that they are going to make sure that they maintain veterans preference. And, I wouldn't hesitate, and I'm sure every member on this committee would be overly eager to ensure our oversight responsibilities and make sure that in fact happens.

Mr. BUYER. Mr. Bemis, I've got a question for you, and then we'll get on to the next panel. One is, would you go into a little more detail for me on the Florida Pilot Program?

Mr. BEMIS. Yes, sir, Mr. Chairman.

As time has gone along, and we've realized that education was rising at a rapid rate, and the benefit level for the Reserve GI Bill wasn't keeping up with it, we tried to look at what alternative means did we have for the Reserve component members to do something.

We don't have an in-service education program, because it's very difficult to administer that with a reservist who drills one weekend a month and 2 weeks of annual training. That time that he's there, we need it for training. And so, one of the things we looked at with DANTES is how to evaluate credits based on work experience or whatever. If you are a computer analyst in the military that should count towards some kind of computer classes for college.

We devised this pilot program to allow the reservist to go to the nearest test center, which may be a junior college in his home town or whatever, and to get the evaluations and the CLEP tests, as they are called. And, DANTES out of their budget, pays for that, and the kid only pays a registration fee, instead of driving 100 miles, 150 miles to wherever his Reserve Center or his National Guard Armory is with an education office. And, those are spread, they are not at every Reserve Center or every Guard Armory, so there's very few that are within the state. And so, this allows him a little ease to do that. Initial indications are that we are getting some great results from doing this, that the number of people that have taken the exams and been evaluated is increasing in the 20 to 30 percent range, but we just don't have the final figures yet, and we're looking to the end of the year to see how that looks and then decide whether we go nationwide and try to do this for everybody in the Reserve components.

Mr. BUYER. All right, thank you.

Mr. MASCARA. Mr. Chairman?

Mr. BUYER. Yes, go ahead.

Mr. MASCARA. I didn't reserve the balance of my time, but I had a question for the General.

Mr. BUYER. Please, go ahead.

Mr. MASCARA. General, what types of education are the veterans seeking under the GI Bill, and what percentage are seeking degrees as opposed to training programs?

General EBBESEN. Sir, I don't have that, I'll provide that for the record. I don't have that handy.

(The information follows:)

According to the Department of Veterans Affairs, 90 percent of MGIB participants are pursuing degrees at institutions of higher learning and 10 percent are pursuing vocational/technical training.

Mr. MASCARA. Good, thank you, and in my statement I talked about the backlog that built up during the shutdowns, has that been cleared, or are they still working on that?

General EBBESEN. Say that again, sir.

Mr. MASCARA. As a result of the shutdowns that we had in the Government, there was a backlog that had built up in servicing veterans. Has that backlog been cleared up, do you know?

General EBBESEN. Sir, I understand from my contacts, my folks with the VA, that some of that has been worked very strenuously to——

Mr. BUYER. Mr. Mascara, the third panel will be on that today.

Mr. MASCARA. Okay, fine.

Mr. BUYER. So, those two questions you should reask.

Mr. MASCARA. Good. Thank you, Mr. Chairman.

Thank you, General.

General EBBESEN. Yes, sir.

Mr. BUYER. I just have one last question for you, General. Mr. Montgomery, focuses, and rightfully so, on how the GI Bill benefits can be used as a recruiting tool. I'm trying to place some emphasis here today on what happens once they get into the pipeline. Lane Evans brought that up, not only immediately at basic training, but during in-service. So, I'm going to submit a list of questions to you, General, if you can respond to me.

General EBBESEN. Sure.

Mr. BUYER. I want to make sure that, you've told me DOD is going to look at the umbrella coverage, that's good. Hopefully I'll also have this degree of comfort that once they come out of the AIT, or wherever they go to their home station, that somehow it's being discussed along the process that you can obtain an education. Each service has their life cycle of education with regard to promotions, and so they have to keep maintaining that. But, my concern is we have these downward pressures on the active force that many, in fact, are leaving the force because they don't see it as the "career."

And, I want to make sure that we give them every opportunity that they may have. Now, obviously, you can't just take them over there and say you've got to do this, do you realize what's in front of you? But at the same time I don't know if, in fact, your representatives within a particular battalion or company, how qualified are they? Help me out here.

General EBBESEN. Sir, I just came out of the field. I spent about 7 years in the field.

Mr. BUYER. Well, good.

General EBBESEN. Before I came up here, including commanding a division in the 2nd U.S. Army I will assure you that education in the military today, in-service education, is an important facet of

what we do. As a matter of fact, I will tell you that in my division, as well as all the other divisions that I've been in, speaking in terms of the Army, that part of the process of training is to set aside training time, or time for people to go off and get education. And, it's followed up pretty closely.

We recognize that with the environment and the weapon systems that we have today, we cannot afford not to have a continuing education program to increase the quality and the professional development of our folks.

For example, in Alaska, we made every effort we could to get the University of Alaska and other people on the installation during off-duty time for the soldiers to pursue an education, a college degree, if they did not have one. We also worked very hard with some of the other associations so that the soldiers could, in fact, qualify for credit through CLEP testing and other non-traditional kinds of programs that we have.

And, our educational counseling place on post was very active; as a matter of fact, mine was so full up in Alaska that I had to move it to a bigger building. I came out of Fort Campbell, at the 101st Airborne Division down there, and we had the same kinds of stuff. Our training program was lined up in a cyclical way, so you went out and did your MAX base training for X number of weeks, then you did some support training for X number of weeks, and during that piece of support training you, in fact, had a great opportunity to go out and do precisely what you are talking about.

Mr. BUYER. Do you know what the proportion of the tuition assistance would be officer to enlisted?

General EBBESEN. Sir, I don't know, we'll look at that.

(The information follows:)

As a group, enlisted personnel are, by far, the larger user of tuition assistance. (Officers, by law, incur an additional 2-year service obligation when they use tuition assistance.) During fiscal year 1995, there were 80,000 course enrollments among officers while 525,000 course enrollments were registered for enlisted personnel.

Mr. BUYER. I guess my concern at the moment isn't so much for the BS degree, for the Master's degree, as opposed to getting the BS degree for the enlisted solider. The Officer Corps, in their life cycle, you have to do that to be competitive in promotion, but I'm really concerned about the enlisted ranks because of the technical expertise that's required out there in the job force today. We can give them such a leg up, which is valuable and important.

Thank you very much.

Does anybody else have any other questions?

All right, thank you, gentlemen for spending time with us this morning.

General EBBESEN. Thank you, sir.

Mr. BUYER. The next panel, please, come forward. We have Mr. Charles Turpin, who is a Marine Corps reservist attending Prince George's Community College, and has been using Chapter 1606 benefits for almost 5 years. Also, we have Lt. Col. Thomas Adams. To show that the program can really work, we've asked Army Lt. Col. Thomas Adams to tell us about his use of the Montgomery GI Bill benefits. Colonel Adams is attending American University to obtain a PhD. Now, attending AU must be expensive, and I hope the Colonel is able to give us an idea of how the benefit stacks up

against the cost of his schooling. Also, Ms. Kelly Mayo, boy, you get teased a lot, don't you, Mayo, remember that from the movie, no relation, though, right? Ms. Kelly Mayo is an Air Force veteran living at Fort Meade. She began her school career last August at the University of Maryland, night school, correct? And, you are going to share some of your experiences with us. Jim Abell is a 10-year Air Force veteran pursuing a Bachelor's degree at the University of Maryland, with 87 completed hours he has also been studying with the Montgomery GI Bill benefits since September, 1993. Ms. Atwell is a Veteran Services Administrator at the University of Maryland, and she handles some 800 veterans' cases each semester.

And, as I understand it, if any of you have any comments you'd like to make you are more than willing to do so. If you don't have any prepared statements that's fine, I won't put you under pressure to do that, and I'm sure we all will have questions of you, because you are, in fact, living under this existing program. If any of you have comments, you may make them at this time. Very good.

Ms. Mayo, if I could begin with you. As I understand it, the benefit that you thought you earned has not yet paid off for you. Can you tell us briefly what your situation is and the steps you took to try to alleviate whatever concerns or problems that you had?

STATEMENT OF KELLY MAYO, STUDENT, UNIVERSITY OF MARYLAND

Ms. MAYO. Yes.

Mr. BUYER. Can you pull the mic closer to you, please?

Ms. MAYO. I applied for my benefits in August, and I attended Anne Arrundel Community College three quarters time, because it is cheaper, and I went to the University of Maryland for 3 hours.

Mr. BUYER. You have to pull that mic all the way up.

Don't you feel better, Mr. Montgomery, when I can't hear?

Mr. MONTGOMERY. I sure do.

Ms. MAYO. In the fall, I attended University of Maryland college and Anne Arrundel Community College full time total together. I applied for benefits in August. They were sent in in October. Between phone calls and letters I have had many problems. My claim has been lost, or it has been in process, or there have been inquiries done and no real answers as to why I haven't received any money.

So, I wrote Senator Hatfield, who is my Senator from Oregon, and he got in touch with the Veterans Affairs in Atlanta, and then I received a letter from them, who really didn't tell me anything except for just to wait. And, other than that, I do not know what is going on.

Mr. BUYER. This is out of the Atlanta office?

Ms. MAYO. Yes.

Mr. BUYER. Is that where your problems were?

Ms. MAYO. I have called the Washington, DC office, that's the only number I have to call, that or Baltimore, but the letter I received was from Atlanta, and that is where the Senator wrote to as well.

Mr. BUYER. Did you end up having to pay for any classes out of your own pocket?

Ms. MAYO. I have paid for all of my classes. I have $2,500 on my credit cards right now for tuition and books for the past two semesters.

Mr. BUYER. Now, I have been handed a chronology that I'm going to go ahead and submit for the record.

[The attachment appears on p. 50.]

Mr. BUYER. You have $2,500 on your credit cards at the moment?

Ms. MAYO. Just for education, yes, for books and tuition.

Mr. BUYER. And, are you going to get reimbursed?

Ms. MAYO. I'm hoping.

Mr. BUYER. How is it going to work?

Ms. MAYO. I'm expecting to get that much money from the Veterans Affairs, that's what I thought I was supposed to get.

Mr. BUYER. And, how long have you been waiting?

Ms. MAYO. Since the semester started in the fall. I filed my paperwork in August. I expected it would take 8 weeks to receive the first check.

Mr. BUYER. Oh. At first I was thinking about Mr. Mascara's comments, whether or not this was due to the governmental shutdown, but now this goes all the way back to August.

Ms. MAYO. Yes, it does, but I have received that as an excuse, as the backlog has kept files from being processed, but mine should have been processed before the shutdown ever occurred.

Mr. BUYER. Are you familiar with other veterans that are experiencing the same concerns?

Ms. MAYO. I have talked to other veterans who have had problems, but not to the extent that I have.

Mr. BUYER. Are they giving you specific reasons or are they talking about bureaucracies, or delays, or backlogs?

Ms. MAYO. No specific reasons. The letter that I received from their office, I could read it to you, it really doesn't tell me anything.

Mr. BUYER. Fire away, how long is it?

Ms. MAYO. It says, "We have received your application for benefits. It is our sincere desire to decide your case promptly. However, as we have a great number of claims, action on your's may be delayed. We are now in the process of deciding whether additional evidence or information is needed. If we need anything else from you, we will contact you, so there is no need to contact us in the meantime."

Mr. BUYER. Wow.

Ms. MAYO. "If you do write us, be sure to show your file number and full name." I never received a file number, by the way.

Mr. BUYER. What's the date on that letter?

Ms. MAYO. "Or, have it in hand if you call."

Mr. BUYER. What's the date on that letter?

Ms. MAYO. The date on this letter is February 21, 1996, and it was in response to the letter they received from Senator Hatfield.

Mr. BUYER. And, when did he send his letter?

Ms. MAYO. He sent his letter on February 13.

Mr. BUYER. Of this year?

Ms. MAYO. Yes.

Mr. BUYER. Okay.

What about inquiries between August to December?

Ms. MAYO. I waited 2 months from August to even inquire, because I knew it would take a while. I received a letter from the VA in December saying I filed under the wrong chapter, which turned out to be wrong. I waited until January to start making more phone calls and writing letters and such, because I knew there would be some problems with the Government shutdown.

Mr. BUYER. And, to help pay for some of your classes, I was informed you had to get a part-time job, is that right?

Ms. MAYO. I now work part-time evenings, and I have two children to care for, and my husband cares for them now at night, so that I can pay my credit cards off.

Mr. BUYER. Well, ma'am, I salute you, but at the same time I am very disappointed that you are having to go through something like this. We talk about entitlements up here, and this is not only an entitlement, this is an earned contractual benefit, and I'm very disturbed that you are being jerked around. That's what I would call it.

And, if you happen to be one, how many others are out there that are in that same circumstance.

Ms. MAYO. There is a comment I would like to make. While I was in the service, I did earn 33 credits, using tuition assistance, and that was very helpful, tuition assistance was, and it was very easy to use. If the VA program, GI Bill Program, could somehow be as easy to use as that is, it would be helpful.

Mr. BUYER. Was your paperwork properly submitted at the university?

Ms. MAYO. Yes, it was.

Mr. BUYER. Which university?

Ms. MAYO. University of Maryland, University College.

Mr. BUYER. You've got it right there beside you.

Ms. MAYO. Yes.

Mr. BUYER. Okay that was submitted properly, so it went into the channels and——

Ms. MAYO. It has been submitted twice, actually.

Mr. BUYER. Wow.

I've got one further question, and I'm going to yield to the ranking member. You sat here as you heard testimony from the Department of Defense about the assistance and the stressing of educational benefits while you are on active duty. All of you just came off active duty, give me your real life experience here. Did you see that and recognize that, did it happen? Was it stressed to you? Did you take advantage of it, and if you didn't why not?

Ms. Mayo. Yes, I took advantage of tuition assistance. I also received 30 credits through the University of Maryland for military education, but most universities will not accept military education and give you college credit.

Mr. BUYER. See, my colleagues, that's part of the problem.

Ms. Mayo. This is the only college I have ever seen that will accept military credits, but the tuition assistance was pushed, going to classes was pushed, I went as often as I could when I was in the military, and I ended up, after 7 years, with 33 credits of actual university credits.

So, now I had a total of 63 when I got out, so, you know, that's half of my degree right there. I only have 2 years left.

Mr. BUYER. Anyone else?

STATEMENT OF CHARLES TURPIN, USMCR, STUDENT, PRINCE GEORGE'S COMMUNITY COLLEGE

Mr. TURPIN. Yes, sir. In regards to reservists, I've used the tuition assistance as far as using boot camp for a PED, that's physical education, I've only received two credits for that, so that was good, but that's the only tuition assistance that I received from my unit.

And, they don't stress too much education at the unit that I'm at. I don't know if that's because I'm a reservist or if I was active duty or not.

But, the problems that she's went through, I went through a lot more. I waited a year to get my money, my GI Bill money, for the classes that I've signed up for, and I go back to 6/30/94, when I first used the GI Bill was on 9/15/92. I had no problems with receiving monies from the GI Bill, but all of a sudden on June the 30th of 1994, somehow they said that, "A notice of exception was reported by the Department of Defense, reporting that Mr. Turpin was not eligible for the Montgomery GI Bill, Defense reporting that Mr. Turpin was not eligible for the benefits because he did not complete his active duty or training."

From 1992 until 1994, I was receiving the GI Bill, then somehow all of a sudden they said that I didn't complete my active duty training.

So, from there of 1994, until May—excuse me, April of 1995, I had to pay for my own schooling, and that came out of my pocket. I've also received a letter saying that I owe the GI Bill monies back, consisting of $2,249.17.

Then, on 4–10–95 they repaid me monies back, but that was only for $1,305.92, and, in fact, if I owed them $2,249.17, and they found out through this process of many letters that I had to write, and had to go to my Reserve Unit to prove that I was actually on active duty, that means that they would owe me back $2,249.17 that they said that I owed them, but, in fact, they gave me back on $1,305.92.

Mr. BUYER. Do you also come under the Atlanta office?

Mr. TURPIN. Yes, sir.

Mr. BUYER. And, have you experienced the same type of letter, I guess, as Ms. Mayo?

Mr. TURPIN. Yes, sir, I received three letters.

Mr. BUYER. As artfully written?

Mr. TURPIN. Yes, sir.

Mr. BUYER. Wow.

What about the 800 number.

Mr. TURPIN. I know that by heart, sir.

Mr. BUYER. Okay. Wow, there's something happening in Atlanta, they must be getting ready for the Olympics.

Let me turn it over to Mr. Montgomery for questions he may have.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Several comments. On the tuition assistance program, it's a good program, but the people in the active duty, I hope they do their

mission first, because it's not—it's good for education, but if we give them the number of hours and they go to school all the time, I'm a little worried about carrying on their mission. So, I think we need to be careful that that doesn't get out of hand, and I think the active duty people are watching it. I guess I'm selfish, that's why we have these education benefits, for these kids to, like we've heard here today, to go ahead and get some type of education.

We need to correct what the problems are that they are talking about, maybe the Atlanta office. In our next panel of witnesses, they certainly should be prepared to tell us where the problems are, and I would like briefly just the other three that have not commented to tell us why they are on the panel today, if that would be all right, starting with Mr. Abell.

STATEMENT OF JIM ABELL, UNIVERSITY OF MARYLAND/ CONTINUING STUDENT

Mr. ABELL. I just want to thank you for all letting me come to speak before the subcommittee.

I'm here also to testify, I'm a current user of the GI Bill. Unfortunately, like the lady sitting to my left, the process is extremely slow in obtaining benefits.

I've been a current user since September of 1993, and I can attest to the fact that in school year 1993–1994, I submitted my paperwork to the Veterans Office at the University College, and they, in turn, sent in enrollment certification to Atlanta.

Typically, I've found that I would start receiving benefits around November, maybe even as late as December, when the semester would be over with, and the same as well for the spring semester, typically, received benefits in April or May. That doesn't really help me out, in that I currently work part time myself, and I'm not fully benefited with my company. So, any benefit that I can get from the Montgomery GI Bill will greatly help me out. I carry several thousand dollars on my credit cards as well, because University College at University of Maryland College Park, does not allow a deferred payment program where you can receive your benefits each month. If I was full time I may get $400, maybe $415 each month, if University College allowed a deferred payment I could use that towards paying my college costs. Unfortunately, they don't allow that, so I'm saddled with several thousand dollars in college tuition, fees, books, plus on top of that anywhere from ten to 17 percent interest on a credit card.

School year 1995, I experienced the same problem, benefits weren't coming across in time, so in December I received a nominal fee in the amount of several hundred dollars, $200 to $300 in December, but I was owed somewhere near $900 to $1,000 in GI benefits. In December, I took it upon my—in January, I'm sorry, I took it upon myself, I apologize to the Veterans Administration, but I wrote a scathing letter to them, wanting to know what, in fact, is going on with the GI Bill Program. I never received a response, however, I did receive a statement from the Veterans Administration telling me that I owed them $8, when, in fact, they owed me several hundred dollars, and I'm currently—that's under review right now with the Veterans Administration.

I contacted my Congressman, who was willing to intercede on my behalf, but I told him that I would go through the process and the motions myself first and then if I can't resolve it then I'll go through my Congressman, Steny Hoyer.

Thank you.

STATEMENT OF LT. COL. THOMAS ADAMS, AMERICAN UNIVERSITY (ACTIVE DUTY)

Colonel ADAMS. Sir, I'm Lieutenant Colonel Tom Adams, and I have not experienced any of these problems with the payment from the VA on the GI Bill. Payments have come on time.

You inquired earlier about ratio of the payment to the tuition. At American University, again, you have to pay up front. I pay about $3,800 to take two courses. I'm reimbursed through the GI Bill just under $1,800 for that, so I pay a little over half for myself.

You might ask why I don't use tuition assistance, since I'm still active duty. The current policy, due to budget constraints, is anything beyond your first Master's degree you are on your own, so that's why I use the GI Bill.

Mr. MONTGOMERY. Thank you.

STATEMENT OF NOELLE ATWELL, VETERAN STUDENT SERVICES, UNIVERSITY OF MARYLAND

Ms. ATWELL. I have many young men and women who come to University College for the first time straight out of the military, and they don't really have a good idea of how the Montgomery GI Bill works. They know that they have this fund of money to go to school, but they don't realize it's a monthly benefit that they get when the month is completed. They think that they can come and register for classes and that their bill will be taken care of.

Well, that's not how it works at University College. We do require students to pay their bill up front, and if you register as a full-time student your tuition is going to be over $2,000 for one semester. If you are receiving the Montgomery GI Bill you'll get back around $1,600, but you'll get that back once the semester is over through your monthly benefits. So, there's no way for the student to have any money up front to help them get registered.

If they do apply for advanced payment, which is a plan available through the VA, they receive only 2 months of their benefits and that's only a portion of their bill that will be covered. And, again, we require their tuition up front. And so, they are faced with, well, you know, I joined the service because of this benefit, why aren't they paying me to go to school? I think a lot of veterans believe that the cost of their tuition will be covered, and that's not true, benefits are not tuition driven. You could go to University College and take 6 hours and get $200 and your tuition is going to be $1,000, or you could go to P.G. Community College and pay half that much and still get the same amount of money from the VA. So, we do urge students who have not completed an Associate's degree to start at the community college level, at least they will be using their benefits more wisely to start.

There are a lot of young men and women who do not realize how the program works. Once they are in the program, and they are using benefits at University College, some of the problems that

both of our students have told here today are typical problems. We mail in paperwork to the VA, and we mail our paperwork registered, certified mail, so we know it gets there. When the Atlanta Office comes back and says we never got your paperwork, well, they did, we have the registered receipt showing that they did.

But, if the student has called the VA or on occasion when I have called the VA and they said they don't have the paperwork, resubmit it, well, we've waited 6, to 8, to 10, to 12 weeks to find out they don't have the paperwork, when we resubmit it again it's another 6, to 8, to 10, to 12 weeks before they say the claim will be processed. So, in Kelly's case, she's beyond the fall semester, because that length of time has gone by, and we're filing again for her current semester and she hasn't gotten the fall yet. So, those kinds of problems I've been working at University College in the Veterans Office for 13 years, and these kinds of problems have never gone away. I'm not sure they've gotten better. We are servicing less veterans since the end of the GI Bill in 1989, but they are still the typical problems that we have dealing with the VA and that the student has dealing with the VA, in getting their claims processed.

Mr. BUYER. Thank, you. Mr. Mascara.

Mr. MASCARA. I would hope that the horror stories that you are telling us are the exception, rather than the rule, but then again I begin to wonder.

And, Ms. Mayo, apparently, Atlanta took umbrage with the intervention of the United States Senator, and that doesn't surprise me because I get that from time to time when I'm asked to intervene to solve a problem of a constituent of mine, and that bothers me.

I have a question, Mr. Chairman, of whether or not we, as a committee, as a subcommittee, should look into these matters and have those people who are responsible for failing to get to the bottom of the problems and seeking a solution to your problems, whether we should not have them here, and be asking them why they are not more efficient. So, you know, I would suggest that we, as Members of Congress, and as members of this subcommittee, try to get some answers to some of these questions.

Would some of it be, and I'm new on the block, staffing patterns around the country personnel-wise? Has there been any questions about whether or not this is a result of the lack of sufficient personnel?

Mr. BUYER. That is a very appropriate question to ask the next panel.

Mr. MASCARA. Okay.

But, it never ceases to amaze me the longer I'm here, the more I hear, the more I'm certainly upset that you have to borrow money on credit cards to facilitate your education. I think we ought to be, as a Government, more responsive to your needs.

Thank you, Mr. Chairman.

Mr. BUYER. Ms. Atwell, I have some questions. Have you tried the advanced technologies of the VACERT?

Ms. ATWELL. We have, the VACERT is installed on our computer at University College, but it is initially so labor intensive in the data entry that my office staff can't do it.

We have, through our university, an electronic, not electronic, a computerized certification process where all we have to do is enter

in the student's Social Security number and the system enters in all the information on the 1999 (the enrollment form). So, for us, it's much quicker to do this and then mail it to the Atlanta Regional Office, then to use the VACERT.

I had VACERT installed and went through the training sessions, thinking that this would be great. It's my understanding that when we send the enrollment information electronically to Atlanta they still print it out on a paper form and that paper is still processed, all you are really doing is saving mail time, that's my understanding.

Mr. BUYER. Have you communicated that with the VA?

Ms. ATWELL. Sure.

Mr. BUYER. Wow. That's happening throughout the entire country, and here we think that we've got this nice on-line program.

Ms. ATWELL. There is a benefit to it. I understand that when you do send it electronically they have record of receiving it. So, when we send the actual paperwork file, if the person doesn't log in that actual paperwork that they receive in the mail, there's no data on the VA computer that it's there. With the electronic certification it is entered in the computer as as arrived.

Mr. BUYER. I was paying close attention to my colleague, Mr. Mascara, and his comments, and I also thought you were going to ask the question, Ms. Atwell, why do you send things to VA in Atlanta by certified mail. Why do you do that?

Ms. ATWELL. Why do I do it?

Mr. BUYER. Why do you do that?

Ms. ATWELL. Well, to show that—because most of the time when a student calls the VA, the VA will say the school never sent the paperwork, and we did. We send it registered mail, I can show the proof. It certainly doesn't help the student for me to show that, but I know that the paperwork is there somewhere in the Atlanta Regional Office.

Mr. BUYER. And, you deal with about 800 veterans a semester?

Ms. ATWELL. A semester.

Mr. BUYER. And, give me an idea, of those 800 how many run into problems?

Ms. ATWELL. Well, probably—at one point over the years I've been working I would call the VA with about 40 inquiries a month, when the VA was accessible for inquiries. That figure has gone down because I don't do it anymore. I put that responsibility on the veteran, to find out what the problem is, in most cases.

The number has gone down because the number of veterans have gone down in the years since I started, but proportionally the problems are still the same.

Mr. BUYER. Do some of your colleagues at other universities also have problems with the Atlanta Office, or is there——

Ms. ATWELL. Yes.

Mr. BUYER (continuing). With the Atlanta Regional Office?

Ms. ATWELL. Yes.

Mr. BUYER. How about other regional offices around the country, are you familiar at all with them?

Ms. ATWELL. Well, we used to process out of Washington, the DC Regional Office, until all the paperwork was then transferred, actually, it went from St. Louis for a while to Atlanta. I guess the

Washington Regional Office was more accessible, I can say that. I mean, I knew the people there. We had access to one person who would help us with inquiries for students that we could call. We could give the paperwork directly to them. They could walk it up to adjudication to process the claim, and it was a contact, it was a resource that we had that we don't have any longer.

Mr. BUYER. And, you've dealt with this for 13 years, is that what you said?

Ms. ATWELL. Yes.

Mr. BUYER. Since you've dealt with two other offices, now it's in Atlanta, what's your personal opinion with regard to why is there a lack of responsiveness of this for veterans?

Ms. ATWELL. My understanding is the lack of staff. I also heard recently, though, you are focusing in on Atlanta, I also received information out of the DC office that they are moving the claims processing up to Buffalo. So, if you are focusing on Atlanta, that may help, but then some of the claims are going to now be processed up in Buffalo. They told us mid-April.

Mr. BUYER. Yes?

Mr. MONTGOMERY. I noticed some community colleges now are going to these big Air Guard units, and they are going in when a young man or woman comes in to sign up for the unit for 6 years, they are there recruiting the high school graduate to take advantage of the GI Bill. Is the University of Maryland doing that? You are saying your numbers are falling off.

Ms. ATWELL. Well, I'm with University of Maryland University College, which is the program for adult students. The University of Maryland at College Park is the traditional day school, and they do have ROTC, so I'm not familiar with their programs.

Our students are students who usually work full time during the day and are part-time students in the evening or weekends.

Mr. MONTGOMERY. So, you really don't go out and try to recruit veterans.

Ms. ATWELL. Not at this time. Years ago, when we received money under the Veterans Education Outreach Program, we did do some recruiting, but we no longer do that, other than just the typical admissions recruiting that the university does, but nothing specifically to veterans.

Mr. MONTGOMERY. Well, they have a lot of big Reserve units in this area, and I found out, Mr. Chairman, the community colleges really do a little better job than the 4-year colleges trying to get out and get these students to get an education.

Thank you.

Mr. BUYER. I've got, this is kind of an open question, maybe you could even help me, Sonny. Why are we forcing the veteran to come up with the money first and then reimburse them? Was there a severe drop-out rate problem, do you recall?

Mr. MONTGOMERY. I guess I go by the schools in Mississippi, mainly, as I understand it, they let them come in and the schools wait until they get their money from the Veterans Department. This is the first time that I've been that familiar or heard about it that they have to try to get the money up front.

I found out, Mr. Chairman, I'm a little surprised at this testimony, that the colleges have patience with the veteran, and they work with them any way they can.

Mr. BUYER. It doesn't appear so.

Mr. MONTGOMERY. The problem has been sometimes, and now we've tried to correct that, we overpaid years ago, we paid veterans that didn't even go to school, and now we've got a better system. Am I not right in that? We make them sign up each month that they did go that amount of hours, it has really corrected a real problem of overpayment. The system was terribly abused after World War II, and even after the Korea War, so we have made some corrections to make the veteran go to school and earn the educational benefits.

Mr. BUYER. Ms. Atwell, are there any sensitivities with regard to Mr. Montgomery's comments, between whoever handles admissions, with regard to veterans? Do you communicate to them and say "wait a minute, let's let them in, we've got not only GI assistance coming, they've got whatever grant that's on application, allow them to enter." Do they do that at all or do they mark files, or they say, no, payment must be up front or they don't begin?

Ms. ATWELL. Payment is required up front for every student.

Mr. MASCARA. I'm on the Board of Trustees of California University, and I know that to be a fact.

Mr. BUYER. I tell you what, if American colleges and universities want to act like a business we'll just take away their tax exempt status and we'll get their attention.

Thank you very much—yes?

Mr. TURPIN. Sir, can I make additional comments? I've spoken with a lot of other veterans, and I know there's a drop off in—well, people trying to enlist in the military, and from a personal perspective, the reasons why a lot of men and women are not going or enlisting in the military now is because of this lack of benefits coming from the GI Bill. Okay.

The problems that we're having, a lot of students convey this to other students. Now, if we have recruiters who come to the schools and say, okay, you enlist in the military you get this great experience, you get the GI Bill for educational assistance, everything is great, that's motivating. But then, you have students who are now currently using this GI Bill saying, this does not work. You will not get paid, you'll wait years and years, or months and months before you get your money, you have to pay up front.

And, I've made a brief outline of concerns that I've written down from other reservists or military people and some suggestions that might benefit the Veterans Affairs Office, and if I may I'd like to just read off some of these, if that's okay.

Mr. BUYER. Please, yes.

Mr. TURPIN. Okay.

First, I'd like to start with the recruiters. Recruiters need to provide in-depth information concerning educational benefits regarding the recruiting. The three reasons why I enlisted in the military were, one, to serve my country, and to take advantage of the GI Bill, well, educational assistance, and the challenge. Okay?

When I went to—when I first got started, I went to the recruiter's office, the first thing he pushed was education. He said you are

going to receive so, so much money, so, so much money, and I said, okay, okay, this is great. I have something to help me, at that time my parents were not together and I couldn't afford to go to school myself. Okay. So, I went into the military and tried to get some of the assistance.

Now, when I first started, everything was okay, but like I said the first, I guess, 2 years, from 1992 to 1994, then ever since from then until now I've had nothing but problems. When I tried to call into the Veterans Affairs Office in Atlanta, they put you on hold for hours, and hours, and hours, not hours, but a long duration of time, and when you do talk to someone it's not the essential personnel who can help you with your problem. What happens is, when you call they more or less tell you what you want to hear or tell you something just to say, okay, we're going to address this problem but it's going to take a while. Then, they send you a letter like the lady to my left received, but then after you receive the letter then you have to wait another 4 to 6 weeks to receive your money, or they don't even send you the money, they just give you another phone call and then they'll tell you it's in process, it is still processing right now, we haven't got to your file number or whatever it is. So, that's a grave problem with students who are trying to go into the military service or veterans trying to use this Montgomery GI Bill.

Also, for a suggestion when calling the 1–800 number, if there is some kind of automated service where when you call it would direct you essential personnel, like when I was at the DC Office, that's when everything was going great, even myself, they knew me personally because I called so much down at the DC Office, but I've talked to essential personnel and he got the problem resolved just like that, but when you call into Atlanta, you wait weeks and weeks to get a response from somebody, or when you call you are on hold and things are not getting done accurately.

And, just the other day, spring semester started the end of December, beginning of January, and I just received my check for this semester. So, that's a concern I have.

Mr. BUYER. If any of you have any follow-up comments, please submit them in writing, or recommendations, and I will accept them, and make them part of the record.

Hopefully, Colonel Adams, what I'd like for you to comment on, when you submit something, is whether accelerated payments would help in the process.

I thank all of you for coming and providing testimony on this important issue today, and God bless you, and we will get to the bottom of the problem in Atlanta.

I have received a statement of Representative Wes Cooley on this issue, and I will submit it for the record.

[The prepared statement of Congressman Cooley appears on p. 51.]

Mr. BUYER. If the next panel will please come forward. Panel Three is the Department of Veterans Affairs, represented today by Honorable Ray Avent, Deputy Under Secretary for Veterans Benefits Administration, and is accompanied by Ms. Celia Dollarhide, the Director of Education Services.

Mr. Avent, I understand that your time with the agency is growing short and we all wish you well in your retirement from the Department.

Mr. AVENT. Thank you, Mr. Chairman.

Mr. BUYER. Pardon?

Mr. AVENT. Thank you.

Mr. BUYER. You are quite welcome.

We will proceed under the 5-minute rule. If you have testimony we can submit it for the record, and please proceed.

STATEMENT OF HON. RAY AVENT, DEPUTY UNDER SECRETARY, VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS ACCOMPANIED BY CELIA DOLLARHIDE, DIRECTOR OF EDUCATION SERVICES

STATEMENT OF HON. RAY AVENT

Mr. AVENT. Thank you, Mr. Chairman, and good morning to you and members of the subcommittee. Thank you for the opportunity to allow us to appear before you this morning to testify on concerns about the cost effectiveness of the Montgomery GI Bill and innovative proposals that we are working on for educational opportunities.

As I mentioned, Ms. Celia Dollarhide is accompanying me today, and she's the Director of the Education Service for the Veterans Benefits Administration.

Also, there's a full statement I think that you have, and I would ask that you, if possible, make that part of the record, and I will just take a couple of minutes to make some brief comments.

Mr. Chairman, although the increased cost of higher education is not a problem that only veterans encounter, the veterans of today does, indeed, face a challenge to complete his or her education within the current payment structure of the Montgomery GI Bill.

In its 1995 Annual Survey of College Pricing, the College Board reports that nationally tuition has risen more than 6 percent over the previous year, and a couple of years before that we had similar increases. Specifically, tuition and fees, excluding board and room, now average about $12,000 per year at 4-year private colleges and about $2,800 for 4-year public colleges, $6,300 for 2-year private colleges, and $1,300 plus for 2-year public schools.

In an effort to maximize veterans' Montgomery GI Bill benefits, we would like to encourage greater use of one of our ancillary programs, the Work Study Program. This program provides veterans with an additional allowance for services performed in VA-related activities. Currently, veterans, reservists, and National Guard members, are utilizing this program while performing services for the VA, as well as educational institutions as a part of transitional assistance at our regional offices, at hospitals, reserve and National Guard offices.

We plan to increase our outreach efforts and to stress the work study benefit as part of the educational benefit package. In this way, veterans will be able to get even greater mileage out of their VA educational benefits.

Mr. Chairman, I just want to take a moment to mention a few VA initiatives. I will just touch on them briefly. The first is the

VAOnline. On February 2, 1995, VAOnline, an electronic information system was installed in conjunction with the Persian Gulf Helpline, providing a wide range of VA benefit information.

This information service is available to anyone with a personal computer and a modem through an 800 number or through the Internet. Beginning August 29, 1995, an education payment inquiry capability was added to VAOnline and piloted by our Buffalo office.

Veteran education officials and others in the states of New York, Ohio and Pennsylvania can now access this system.

Last week, our Muskogee Office began providing this service for the states of Oklahoma and Texas, and we plan to continue to expand this capability nationwide throughout the calendar year.

Of interest, Mr. Chairman, of those inquiries received during the pilot test in Buffalo, our responses were made or completed within one day in most cases.

Another technological enhancement is VACERT. We developed VACERT, the electronic education certification program, to assist school officials in certifying VA students. By certifying enrollments to VA electronically, the elapsed postal and mailroom time is eliminated. To eliminate the costs of the telephone calls, VA installed an 800 telephone number.

The number of schools using VACERT has risen to more than 1,500 since June of 1995, and we have received more than 190,000 electronic certifications.

In addition, we are exploring the costs of developing the requirements for a separate toll free service for education telephone inquiries. Features would include interactive voice service to allow the caller to leave a message and automated student verification of enrollment, to enable the veterans to certify their enrollments on a monthly basis, instead of depending upon receipt in VA of the paper certification.

Mr. Chairman, I just want to touch a second on workload. I think you've heard a lot this morning about workload. This past fall enrollment was certainly what we anticipated. We have a serious backlog problem. We are now working hard to address it. Normally, we handle peak workload periods in the education program, which will occur during the fall and spring enrollment with overtime, however, due to budget constraints overtime could only be used sparingly this fall. In addition, we weren't able to add additional staffing to the four education processing offices to handle the increased workload.

The growing backlog of education claims were further impacted by the furloughs in November and December. Although all four offices incurred backlogs, our Atlanta Regional Office was affected the most. We were aware that Atlanta and the other offices needed additional resources. We're in a better position to make the necessary allocations now because the latest continuing resolution funded the readjustment benefits account for the remainder of the fiscal year.

Last month, we authorized each of these offices to add additional education claims processors to their staff. Also, overtime has been authorized for the last few weeks, and as a result we have seen the pending backlog begin to be reduced.

The future for Atlanta is that we plan to distribute some of that workload to the Buffalo Regional Office. In mid-April, I think someone mentioned earlier, we are moving the jurisdictions of Virginia, Maryland and the District of Columbia to the Buffalo Regional Office from Atlanta. All of these actions will improve the timeliness of our claims processing in Atlanta. In fact, last month, Atlanta processed over 38,000 education claims. The February effort by our Atlanta staff has paid dividends and we do see that workload reducing, even in light of the continuing increase in work from the spring enrollment.

Mr. Montgomery, the Montgomery GI Bill, of course, has been in effect for 10 years. We're in our 11th year, and for sure it has been truly a success. We at the VA would like to thank you for your vision and making this program a reality.

I was a person who participated in Chapter 34 education benefits prior to the Montgomery GI Bill, and I know the opportunity that benefit afforded me to have. So, I'm for sure veterans and reservists can appreciate the opportunity to have this program.

So, for me personally, and from all the folks at the Veterans Benefits Administration, we want to wish you the very best in your retirement, and best wishes from all of us.

Mr. Chairman, that concludes my statement. Ms. Dollarhide and I will attempt to answer any questions you might have.

[The prepared statement of Mr. Avent appears on p. 74.]

Mr. BUYER. I do have several questions, and I'm sure others do.

When the VA consolidated the Montgomery GI Bill benefits processing at four regional offices, did they also transfer education service personnel to the four centers?

Mr. AVENT. We did not necessarily transfer personnel from other regional offices. We did add staffing, additional staffing, to those four RPOs, as they took on the workload.

Mr. BUYER. Were they new hires?

Mr. AVENT. Quite a few were new hires. There were a few that were senior folks who could take over some leadership roles that went to the RPOs, but mainly they were new hires.

Mr. BUYER. Would you please explain to me, how would the management of the system be upgraded with a move of the policy team to St. Louis?

Mr. AVENT. Mr. Chairman, let me try to provide you with some of the insight that went on with that discussion when the initiative was put forward.

We in VBA, like all others, are being downsized. We see ourselves losing hundreds of staff members and resources every fiscal year.

As we attempt to provide services in a better manner, and use the most current available tools, we find that it is better to have a policy operation near a processing site.

Now, you look at this from, I think, two positions. One, the role of the service of the policy group here in Washington, and their relation with the Hill, service departments, FAA, Department of Labor and others. The relationships are going well, and I don't think we can improve on them. I think they're going extremely well.

The thing that we need to try to improve on is developing applications that can be used in the field. Our intent was to get a policy staff in a general working processing area.

We are now getting ready to let the contract on Stage II, which is an imaging system that we're going to pilot and test in St. Louis. There are other applications coming forward. We feel it's best to test those and bring them closer to a processing arena.

The policy apparatus would remain in tact. We would also be able to use some of the support resources that are in St. Louis to assist the policy group.

And, as we go through this process, we are also looking at a model that's been in place for a number of years, one that I think most people would acknowledge is one of our more successful operations. That is our Insurance program. Our Insurance program policy group has been located in Philadelphia since I can remember, and we've had two sites or more of Insurance operations. The policy part is working out of Philadelphia, and they are sitting near or adjacent to those folks who are actually doing the day-to-day processing. Insurance is recognized as one of our most effective operations.

So, basically, those were the kind of things that were being thought of as we worked through the initiative and I think for sure budget is a concern as we continue to downsize VBA.

Mr. BUYER. I was just informed, I know I had submitted a letter asking about the cost of such a move, and I understand there's a reply. I haven't personally seen it yet, and I'll get that opportunity.

I think you are well aware that Mr. Montgomery dropped a bill, which I'm also going to co-sponsor. Some of us here question that move.

Let me ask one other question before I yield. I will find it unacceptable for you to rely on the governmental shutdown with regard to a backlog on the processing side in the face of testimony here that goes back for several years. So, I find that unacceptable, and view it as an excuse.

So, I am bothered, I am very bothered, that we have veterans who have contracted benefits, who are, to put it bluntly, being jerked around. I've never memorized an 800 number in my life.

Explain to me how moving workload, you testified workload to Maryland and Virginia——

Mr. AVENT. District of Columbia.

Mr. BUYER (continuing). Yes, the District of Columbia to Buffalo, how is that going to improve the processing in the Atlanta Office?

Mr. AVENT. Well, there are a number of things involved in all of this. One is, right now Atlanta processes 30 percent or more of the education workload. We are trying to distribute the work more evenly. Buffalo, at the present time, is processing approximately 16 percent of the national workload.

By taking those three districts' education workloads and moving them to Buffalo, we would lower Atlanta's workload to about 24 or 25 percent, and increase Buffalo's somewhere in the neighborhood of 20 to 22 percent. This is sheer volume of work, and moving that out of the Atlanta office would give that office an opportunity to improve.

You said, you will not accept the furlough or whatever as being the excuse, and I don't offer that as an excuse, but it is sure part of our concern. If you'd bear with me for a minute I'd like to walk through some of the things that we've had to deal with.

Before I do that, I am interested in their concern and the problems that the people who came before us have had with the VA. I think you've mentioned you had a chronology of some of the events, and I think when you look through that chronology of events you will note that there are many things that have happened in those cases involve schools, DOD, and others rather than just VA. These are more the exceptions, I believe, than the normal process.

But, back to our workload issue. Usually, around the end of the fiscal year, like late August, early September, RPOs will have somewhere in the neighborhood of 40,000 to 45,000 issues pending around the Nation. This September, when we closed out business at the end of the fiscal year we had 94,000 pending issues.

We began fiscal year 1996 on a continuing resolution, a very limited continuing resolution, which allowed us to work almost no overtime at all, and we did not put forth any.

At that time, the fall enrollment was beginning. At the end of the first furlough, we had 125,000 issues pending. Immediately, we worked two periods of overtime and decreased that workload. We dropped off about 30,000 issues before the 3-week furlough, then peaked on January 15 of 144,000 pending issues at the four sites.

During those two previous overtime periods, we spent most of our efforts trying to get re-enrollments processed, and trying to get as many people on the rolls to be paid as we possibly could. Following that, new applications possibly were second in line for processing.

Since the return to work after the last furlough, we have worked four weekends of overtime. During that time we spent pretty close to $200,000 of overtime at the four sites. We have concentrated on two stations in particular, Atlanta and Muskogee, because they have the largest workload. Buffalo and St. Louis are very current at the present time.

Mr. BUYER. Let me yield to Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Mr. Secretary, you are leaving in 4 months and I'm leaving in, I guess, 8 months, you can tell me how it is out there after you retire.

I want to point out, Mr. Chairman, for the record today, that really one of the best friends that the 200,000 employees of the Veterans Department have is the Congress of the United States. For the years we've been here, we've protected the programs, kept people's jobs, and I just wanted that to go on the record, that we've been right there helping the employees, and they've come through for us.

Just to follow up briefly, you are talking about moving to St. Louis, I wrote the Secretary a letter about that, and a letter came back of the intent that maybe they would eliminate—the VA wants to eliminate the education service totally, I mean, just don't have it anymore, and that doesn't make any sense to us, and to move

it way out there, that is a problem. So, I wanted that to be in the record.

Mr. MONTGOMERY. To Ms. Dollarhide, VACERT, the lady testified, are you familiar with the program?

STATEMENT OF CELIA DOLLARHIDE

Ms. DOLLARHIDE. Yes, sir.

Mr. MONTGOMERY. Glad to see you again.

Ms. DOLLARHIDE. Thank you.

Mr. MONTGOMERY. She said, they didn't like the system, how do other colleges, what is your experience?

Ms. DOLLARHIDE. Almost a year ago, we put in a new version of VACERT, which is much more user friendly and the schools like it quite a bit.

At the time that that was put in there were roughly 500 institutions in the United States that were using the program. That has more than doubled, and at this point we have received over 200,000 enrollment certifications under the new system with VACERT.

It cuts down mail time and, as the school official indicated, it does notify the institutions when VA has received that enrollment certification. So, if we do have a problem with an imbalance in workload, such as we had in Atlanta this past fall, we can tell the school we have that certification and we'll be working it as soon as we can, instead of telling them to resubmit it.

Mr. MONTGOMERY. You think the system is pretty good then?

Ms. DOLLARHIDE. Yes.

Mr. MONTGOMERY. The other colleges seem to like it?

Ms. DOLLARHIDE. Exactly. I think that we need to work with the University of Maryland.

Mr. MONTGOMERY. Yes, okay, that's a good point.

What about the money up front, that kind of surprised me a little, maybe I missed that from some comments today, that if the VA doesn't come forward with the money that they can't get in the school or they can't start their credit earning?

Ms. DOLLARHIDE. I understand that some schools, due to resource constraints and so forth, do that, and a number of them defer tuition for a period of time until veterans' benefits are paid.

We do have Advance Pay Program, where a veteran can apply for a benefit and we will send the check before the term begins. And, we do encourage veterans to utilize that system. The check basically covers the first month-and-a-half that he is due.

We have also encouraged schools to encourage veterans to apply for advance payment, because it will help even out our workload so that we don't have to deal with these peaks at certain times, as we have had to over the past year.

Mr. MONTGOMERY. I want to find out how big a problem that is, and how many schools are requiring the money up front, even though they don't do the advanced request.

Thank you, Mr. Chairman.

Mr. BUYER. This is a quick follow-up to Sonny's question. These checks, they go directly to the veteran, then the veteran has to pay the school?

Ms. DOLLARHIDE. If it's an advance payment check, it would go to the veteran, in care of the school. He would pick it up at school.

Mr. BUYER. I see.

Ms. DOLLARHIDE. But, yes.

Mr. BUYER. Advanced monies, it's a reimbursement.

Ms. DOLLARHIDE. The advance payments do go to the veteran.

Mr. BUYER. Let me just throw this out to you. Obviously, the Secretary of the VA, or whomever, could negotiate with America's colleges and universities to say, there's a reason, there must be a good reason why you are not doing advanced payment, and you are forcing veterans to actually pull it out of their pocket, make sure that they are going to follow through on the commitment, perhaps I don't know, and maybe you can comment on that. But if the Secretary could negotiate with colleges and universities to say "get them in, get them started, we can make direct payment to the college, it will be a 30-day delay,"—you know, some kind of deferred payment systems.

Ms. DOLLARHIDE. I think that we certainly could talk about that. The GI Bill pays a monthly benefit. It isn't geared to pay the entire cost of tuition and fees at the beginning of the term. That's one of the problems now with the high cost of tuition, namely, that veterans are having a bit of a problem.

We could certainly explore that issue.

Mr. MASCARA. I, Mr. Secretary, ask a question rhetorically, does your retirement, or career change, have anything to do with the inability or the lack of funds or funding for these programs? It seems almost mind boggling. I don't know how you deal with it.

As a former businessman, and an accountant, I can't imagine how you can deal with that, not having the resources to administer your programs.

Mr. AVENT. No, Mr. Mascara, I have spent 38-plus years with VA and the military, and six and a half of those years have been here in Washington, so I think it's really time for retirement, and that's the only reason.

Mr. MASCARA. Well, we wish you well.

Mr. AVENT. Thank you, sir.

Mr. MASCARA. I had a question that was asked several times about moving the facilities to St. Louis, and you spoke earlier of the move from St. Louis to Buffalo and other areas. Do we really solve the problems by taking them from one area of the country to another area of the country, if we have the same problems with funding and staffing? I mean, how do we solve the problem?

Mr. AVENT. I don't think we totally solve the problem by moving it, but I think we keep trying to make innovations in the system. We try to keep trying to make improvements using technology mainly to maybe supplant some of the things that are now being done by the human hands, and right now, I believe, we are staffed well in the education service.

There is a learning curve there, because as you bring on new people you've got to continue to—you know, that training has to occur before they can become really productive.

The move from Atlanta to Buffalo, I truly believe will give that station a lesser amount of paper and things to move around.

When we move the work from Atlanta to Buffalo, we do not plan to impact the staffing currently at Atlanta, people that are there

now will remain there, and we will staff Buffalo with additional people to take on that work that's coming to them.

Mr. MASCARA. We are all caught up in this corporate downsizing, AT&T laying off 40,000, and Government downsizing, and in many instances rightfully so. But, I'm concerned that there's no plan. Someone should have a plan given the new technology that's out there that somehow, somebody, should have a plan that we should implement to solve some of the kinds of problems that we're talking about here today.

I would agree with the Chairman, as he stated regarding the backlog, that is not new, but certainly the shutdown did exacerbate that problem, and is there a plan, is anybody developing a plan to solve these problems that we have in relationship to using the new technology that's available, along with staffing patterns, not just moving from Atlanta to Buffalo, or from Washington, DC to St. Louis, or is that a part of a plan?

Mr. AVENT. Well, I'll make a couple of comments, Mr. Mascara, and then Ms. Dollarhide may have some other things to add to it.

I think, you know, when we were talking about the imaging concept, being able to do that, for sure that would remove a lot of the paper that floats through our system. We are inundated with paper, without a doubt, and that would be something that would help us.

An 800 line, that would allow veterans to come in and contact our offices overnight or any time they felt like picking the phone up, and we'd be able to respond, pull that information off the system the next day and respond to that, of course would help.

And, I think the pilot we ran in Buffalo pointed that out, that, you do get quick turnaround and you can resolve concerns.

But, I think we are constantly working, you know, trying to look at new ways of providing services, and I think if you go back 4 or 5 years and look at how things were done, there have been leaps and bounds of where we've come from since that time and the way we go about doing business.

Celia?

Mr. MASCARA. Do either of you have any figures on the number of employees that they, say had 5 years or 10 years ago in relationship to the number of claims that we have today? I mean, is there some kind of a——

Mr. AVENT. I can't, off the top of my head, give you a number. I do know now that in VBA our 1996 number would probably be about 400 or 500 employees less than we had last year, and the year before that was more than we had last year.

Mr. MASCARA. So, there's a general decline in the number of employees in the program?

Mr. AVENT. Yes, it has.

Mr. MASCARA. Has there been an increase in the number of claims that we've had during those same years, more use of the system?

Mr. AVENT. I think in the case of education, you can correct me, I think we've seen an increase in the Chapter 30 Montgomery GI Bill program, and I think this year we'll probably see, or next year, we'll see a peak in the Montgomery GI Bill Selective Reserve part.

Ms. DOLLARHIDE. If I could just comment, Mr. Avent's initial comments about the general decline in VBA spoke to all the benefit programs.

On the education side, we really went through a low workload period in 1990; that was the end of the Vietnam Era GI Bill. That was before veterans and reservists had really started using the Montgomery GI Bill.

The workload has been increasing since the early 1990s, and we have added personnel to handle the claims as they increased. Very frankly, we did run into an imbalance this fall, and it was reflected in very high pending workloads.

The regional offices have been given authority to hire additional people, and they have done so. They are working those backlogs down. As a result, we should be at the end of the tunnel.

Mr. MASCARA. I see my time is up, but the point I'm trying to make is that I would hope that any approach to solving the problem of too many cases or case loads that are too high, that somehow when we are looking at staffing patterns that those staffing patterns be correlated with the workload, so that we can give service to those people using the system.

Thank you, Mr. Chairman.

Mr. BUYER. Thank you.

We like to focus a lot on the GI Bill, I mentioned recruiting, but also on the access question. My concern also at the moment is on the retention. If you have the veteran, you finally—you get them excited, and involved, and move forward with their education to better themselves. If I were getting jerked around in the process and didn't have the resources or had to get a part-time job while I also deal with the other stresses of life, I would begin to question the focus and attention of the VA is on retention. So, do you have the equal attention on access as you do on retention? Comfort me.

Mr. AVENT. When you say retention, I don't understand.

Mr. BUYER. Retention in the program. I mean, once you get someone as a student in the program——

Mr. AVENT. You are talking about the veteran coming into the program, once he's in there and keeping him in.

Mr. BUYER. Yes.

Mr. AVENT. I think, and this is kind of an off-the-cuff comment, that once we get someone in the program, his initial application comes in and we get them into the program, now we are into the re-enrollment process. Then it goes smoothly. The problem is all the things we need to do to make sure that he's in the right program, we get the right documents from DOD or from the schools or whatever, and——

Mr. BUYER. For the University of Maryland, 40 out of 800 is not running smoothly. I don't think it is, and if that's 40 out of 800 at University of Maryland, what is it at Penn State, Indiana University, Purdue, University of Michigan, Michigan State, I mean, that begins to add up pretty quick.

Ms. DOLLARHIDE. I agree, and that's why Atlanta had a problem this fall. There's no doubt about it, and it has been of great concern to us. As a result we've added extra personnel and moved workload out, because it has been a somewhat intolerable situation.

Hopefully, this will be corrected. I think that this is the first year, very frankly, that this type of thing has happened. I think for the most part we have throughout the country been fairly timely in processing education claims, unless there was some kind of other problem. And, I know that one of the veterans who testified this morning did have additional problems on the Reserve side, but for the most part, I think in the past we've done a fairly good job.

Mr. BUYER. Do you know how many veterans begin the educational programs, yet not finish?

Ms. DOLLARHIDE. No.

Mr. AVENT. No.

Mr. BUYER. Could you let me know?

Ms. DOLLARHIDE. We'll see if we can get some information.

Mr. BUYER. Don't kill yourself on it. It would be helpful to me on the retention question.

Well, let me conclude and thank both of you for coming today. We will continue to have some follow-up hearings.

I am, as I said when I opened the hearing, deeply concerned about America's colleges and universities moving somewhat into an industry. And that's the way they've almost been transformed, and to me it almost seems that higher education becomes secondary, as they focus more upon research grants and sport. And, oh, by the way, oh, yes, we're in the business of education, so we'll get our TAs in the classroom.

And, far be it from me to insult a college professor by asking them to return to the classroom.

So, we will do what we can in our oversight responsibilities to, if not ask, but force colleges and universities to restructure. It's multifaceted with regard to how we have our cost containments within the education system, because I am one that cringes when, for example, the President says, we'll just have a $10,000 deduction for whatever particular income class for children who want to obtain higher education.

And, while that sounds good, who would want to turn that down, it places the problem off to another day. That's why I made the opening comment, that sometimes, as Americans we fail somehow in this thing. We reach out for this instant gratification, for the solution without giving adequate study to the real problems.

And, I'm a victim of it. I can be like that, but I think with our introspection, and attacking the real problem. I respect your sincerity and your years of service. I'm not here to be hard on you, but, yes, I am. It's part of the oversight function, but I do respect your years of service. Congratulations on your retirement, and if you can do the veterans a big favor before you go, make sure that the Atlanta Regional Office is all cleaned up.

Mr. AVENT. We'll do the best we can in the short period of time.

Mr. BUYER. Thank you very much.

Mr. AVENT. Right.

[Whereupon, at 11:23 a.m., the subcommittee was adjourned.]

MARCH 7,1996

Hearing Script

VETERANS EDUCATION

MGIB OVERSIGHT

Mr. Buyer, Chairman

Good morning. The subcommittee will come to order.

At today's hearing we will review the Montgomery GI Bill and entertain suggestions on how to increase the buying power of veterans education benefits. We welcome distinguished panels of veterans education experts from the VA, and representatives of the Department of Defense. Most importantly, I'm looking forward to discussing the issue with current users of the GI Bill.

Before we proceed, I want to pay special honor to the distinguished Ranking member of the full committee, Sonny Montgomery for his untiring efforts on behalf of veterans education. As most of you probably know, Mr. Montgomery has announced he will retire after 30 years service as a member of Congress. The work he has done not only benefits veterans, but the whole country by helping veterans become productive citizens and creating a high quality all-volunteer military.

Would you like to say a few words, Mr. Montgomery?

Thank you Sonny.

We also have another special visitor. Mr. Ji Xiaoming from the Chinese Ministry of Civil Affairs who is here to observe our proceedings. Mr. Ji, I hope you are able to take back to your country the sense that the power of our government is truly derived from the people of our country. Today you will see otherwise normal American citizens play an extraordinary role to better programs and exert influence on the building of public policy over events that affect their everyday lives. We welcome you.

Veterans education benefits serve two purposes. First, they offer an opportunity for a veteran to increase his or her earning power through higher education and training following service. By doing so, veterans education benefits continues the democratization of education started by the original World War II GI Bill. Second, military recruiters use this readjustment benefit to help persuade young adults and their families to answer the call of service to their country.

The benefit, however, has failed to keep pace with the rapidly escalating cost of tuition, which is currently rising at twice the rate of inflation. *The Chronicle of Higher Education* has pegged the rate of tuition increase from 1987-1995 to average 7.6% at public four-year colleges. As a result, the decline in purchasing power of the Montgomery GI Bill may no longer serve the needs of the veteran as a readjustment tool, and will ultimately fail to attract a sufficient high quality pool of applicants for the military. We must do something to prevent that decline and failure.

Many Americans have family members who speak well of the World War II G.I. Bill. However, our ability to return to the days whereby all veterans could receive a fully-paid education, along with stipends for living expenses are long past. Today, many other programs compete with veterans for federal dollars. But education is perhaps more important now than ever in today's highly competitive and technical economy. We must win this battle, but today's statistics do not paint a rosy picture.

According to the VA, the number of veterans holding a Baccalaureate or higher degree in 1979 was 25.8 percent. By 1992 veterans with a BA or higher fell to 20.8 percent. There is also a distinct difference in educational attainment delineated by the era of service. For example, the percent of veterans holding Baccalaureate degrees or higher for Vietnam-era veterans 24.7 percent. In the Post-Vietnam era 20.8 percent hold at least a BA. A mere 17.7 percent of Persian Gulf era veterans have a BA or higher. This may be reflective of decreased buying power. It maybe representative of the barriers many veterans face when attempting to pursue higher education. It is a noteworthy set of numbers that this Subcommittee will continue to address after this hearing is over.

In the Annual Report of the Secretary of Veterans Affairs, FY 1994, we note that only 8.6 percent of veterans aged 20-34 have four-years of college or

more, while 20.2 percent of their civilian counterparts have achieved the same four years or more of higher education. VA also notes that veterans of the post-Vietnam era aged 20-34 had a lower median education level (12.9 years vs 13.3) than their non-veteran counterpart.

Dropout rates are also a problem. Of the Vietnam era veterans aged 35-49, 35.5 % have 1-3 years of college, while 36.9 of younger veterans have 1-3 years of college. Why do veterans drop out? I'm fairly sure that many do so because of the disparity between the benefit they have earned and the cost of school. These people need and deserve help, and I am interested to hear what can be done to ease the situation.

There are many ways to leverage current benefits levels. Just some ways include:

RECOMMENDATIONS FOR THE EDUCATION INDUSTRY & SCHOOLS

- Development of distance education curricula so that students in remote areas can use advanced technologies which deliver education to their computer or television screens.
- A greater recognition of military training by accrediting bodies and schools .
- Flexible transfer of credits between institutions to allow veterans greater credit for both educational and work experience to drive down costs and time.
- Reduce administrative overhead for the schools.
- Increase the use of VA work study opportunities on and off campus.
- Encouraging academic investigation of veterans issues.
- Restricting use of GI Bill reporting fees and Vocational Rehabilitation handling charges paid to schools for the improvement of veterans program office operations.

ADVOCACY MEASURES

- Establishment of an advocacy point within the private sector to promote veterans and active duty service members education opportunities.
- Tuition discounts to veterans attending on the GI Bill.

DOD'S ROLE

- A greater use of in-service tuition assistance dollars by the active duty service members.

- On-line access to national educational benefits databases at all DoD education and TAP/ACAP offices.
- On-base education counselors sponsored by a consortium of education associations.
- Consolidation of the multiple education program management operations within DoD.
- Improvement of the educational counseling opportunities while on active duty and as part of the TAP/ACAP programs.

VA'S ROLE

- Streamline VA's regulations and State Approving Agency (SAA) oversight.
- A 1-800 hotline for schools to contact GI Bill Regional Processing offices regarding administrative matters.
- On-line access to national educational benefits databases at all DoD education and TAP/ACAP offices.
- On-base education counselors sponsored by a consortium of education associations.
- Closer coordination between VA and DoD education programs.
- Data sharing with DoD to determine eligibility.

The tuition spiral began its climb around 1980, and some have attributed it to needing to spread costs over a declining student pool. However, as recently as the period of 1980-1990 enrollments rose from 11.4 to 13.6 million students--a steady gain of about 20%. But tuition rose at twice the rate of inflation. So, what are the real drivers of tuition inflation?

There are those who suspect it is the shift away from being an industry with teaching as its focus to one more interested in garnering government and corporate research grants. And highly qualified applied researchers and the facilities that they need do not come cheaply. This also means that schools must hire additional faculty to keep the classrooms open and that means increased staff costs, more offices, files, desks, and support staff. While it is my opinion that research has its place on college campuses, schools should take a look at their basic mission and decide whether they want to be the foundation of an enlightened society. If not, let's remove their tax exempt status and treat them like the business they are.

Finally, there is good evidence that many college campuses are not veteran-friendly. We continue to hear stories about veteran students and prospective faculty members being told they are not wanted on campus because of their military background. A recent rider to the defense authorization bill signed on February 10, 1996 by the president prohibits colleges and universities that prevent ROTC units form being maintained or established form Defense Department contracts. So, I'm going to make it my personal goal to hold schools to the letter and spirit of the law with regard to veterans education. If a school with a federal contract worth over $10,000 that does not fulfill its obligations regarding priority of hiring for veterans as called for in chapter 42 of Title 38, we are going to expose that institution, and seek appropriate remedies.

The House Committee on Veterans' Affairs Subcommittee charged with oversight of veterans education will step up to address this challenge when we initiate a hearing later to discuss the way federal dollars are spent educating our veterans. We believe no veteran should be precluded from obtaining an education because resources are not maximized. We are mindful, too, that service members are full participants in the MGIB program, contributing up to $1,200 for their own education. Our aim is to gain a full measure for each education dollar spent.

Now I would like to recognize the distinguished ranking member of this subcommittee for any opening remarks she may have. Ms. Waters.

Thank you, Maxine.

Do any of the members have opening statements?

Thank you for your comments.

I would like to seat the first panel. With us today is Army Lt. Gen. Samuel E. Ebbesen, Deputy Assistant Secretary of Defense for Military Personnel Policy. Welcome General. With him is the Honorable Al Bemis, Deputy Assistant Secretary Manpower and Personnel, Office of Reserve Affairs. Mr. Bemis, is of course, no stranger to these proceedings or to this room, having served Mr. Montgomery after his retirement from the Army after 22 years. He was with Mr.

Montgomery from 1988 until the start of the 104th Congress. I welcome you back.

You may summarize your remarks, as your entire statement will be submitted for the record. General, you would begin please, being mindful that we are operating under the five-minute rule.

Thank you both Gentleman. I do have a few questions for you, beginning with the General.

My Thanks to the first panel. We look forward to working with the Department again very soon.

I would like to seat the second panel now.

This panel is comprised of MGIB users, some of which have encountered VA administrative problems with their earned readjustment benefits. Others have good things to tell us about the MGIB. The panel consists of:

- Mr. Charles Turpin, , attending Prince George's Community College on the Reserve Chapter 1606 education program. Mr. Turpin is a Marine Corps Reservist and has been using his Chapter 1606 benefits for almost 5 years.

To show that the MGIB program can really work well, we've asked Army Lt. Col. Thomas Adams to tell us about his use of the MGIB Benefits. Col. Adams is attending American University (AU) to obtain a Ph.D. Now, attending AU must be expensive and I hope the Colonel is able to give us an idea of how the benefit stacks up against the costs of his school which are considerable. He currently is assigned to the Defense Intelligence Agency. Colonel, welcome. I am interested in hearing how you have managed to pay for your education using the GI Bill, and any recommendations you might have as to improves for the system.

Ms. Kelly Mayo is an Air Force veteran living at Ft. Meade. She began her school career last August at Anne Arundel Community College and has had some work at the University of Maryland. Her initial claim was sent last August, and as of March 6, she has yet to receive any checks from the VA.

Mr. Jim Abell, who is a 10-year Air Force veteran pursuing a Bachelor's degree at University of Maryland's University College. With 87 completed hours, Jim has been studying with MGIB Benefits since September 1993. Jim once flew security on Air Force One.

Mrs. Noelle Atwell, who directs the Veteran Student Services at the University of Maryland. She handles some 800 veterans cases each semester.

Welcome all. I understand that some of you have bought family members here to lend support and I welcome them to these proceedings as well.

We brought this panel together to ask questions of the uses of the education benefit. So I would like to start the questioning with...

Thank you Panel II. I hope many of you are able to stay for the final panel, where you might find the answers to some of your questions.

Panel III is the Department of Veterans Affairs, represented today by the Honorable Ray Avent, Deputy Under Secretary of Veterans Benefits Administration, and is accompanied by Celia Dollarhide, Director VA Education Services. Mr. Avent, I understand that your time with the agency is growing short, and we all wish you well upon your retirement from the department.

Please proceed with your oral testimony, keeping mind our five-minute rule.

Thank you.

I want to thank everyone for joining us today. I look forward to coming together in a subsequent hearing to determine the means to further strengthen our veterans education readjustment benefit.

If there are no other comments, this meeting is adjourned.

INCREASES IN COSTS OF EDUCATION

Average Annual Increase in Tuition and Fees

	Public Colleges 4-year	Private Colleges 4-year
1987-88	6%	8%
1988-89	5%	9%
1989-90	7%	9%
1990-91	7%	8%
1991-92	12%	7%
1992-93	10%	7%
1993-94	8%	6%
1994-95	6%	6%
Average annual increase	7.6%	7.5%

****

Average College Costs for 1994-95 School Year

	Public Colleges 4-year	Private Colleges 4-year
Resident	$8,900	$18,784
Commuter	$7,154	$16,070

Source: Oct. 5, 1994 - "The Chronicle of Higher Education"

Statement of Representative Wes Cooley

Thank you, Chairman Buyer, for organizing this oversight hearing on the Montgomery GI Bill. I know that the continued effectiveness of the Montgomery GI Bill, in the face of rising tuition costs, is important to you. Thank you, as well, to all of our panelists. Certainly, your testimony has been both worthwhile and informative.

When I returned home from the Korean Conflict, I was able to take advantage of an earlier version of the GI Bill program. Without the GI Bill, I don't know whether or not I would have attended college after the war. My monthly $105 GI Bill stipend, combined with my income from a part-time job, was just enough to get by on.

I am encouraged by today's testimony indicating that participation rates under the Montgomery GI Bill have increased from 50 percent in 1985 to 95 percent in 1995. Surely, incentive programs such as the Montgomery GI Bill are vital to our nation's efforts to attract top-notch military recruits.

But, despite the success of the Montgomery GI Bill in terms of overall participation rates, I am concerned that, in the face of rising tuition costs, the relative value of an enlistee's GI Bill stipend has been declining significantly. This decline in stipend value has not yet affected enlistment rates, but this subcommittee should closely monitor the program to ensure that it remains competitive. Unfortunately, GI Bill participants, like all consumers of higher education, have fallen victim to tuition rates that have consistently risen faster than the overall rate of inflation. Congress must adequately compensate service members for lost opportunities while in the military; but we are entering an age of fiscal austerity at the federal level, and unfortunately this subcommittee cannot control the rising cost of a college education.

Mr. Chairman, I am a freshman member of Congress -- I was not here in 1985 when we passed the Montgomery GI Bill. Nevertheless, in my 14 months as a member of this body, I have developed a tremendous amount of respect for the ranking minority member of this committee, Mr. Montgomery. As all of us know, Sonny Montgomery will by leaving Congress after his term expires. With his departure, veterans will lose a dedicated, non-partisan voice on this committee.

STATEMENT BY CONGRESSMAN FRANK MASCARA
OVERSIGHT HEARING ON MONTGOMERY GI BILL
MARCH 7, 1996

GOOD MORNING. I AM PLEASED THAT WE ARE STARTING THE DAY OFF RIGHT WITH AN OVERSIGHT HEARING TO REVIEW THE OPERATIONS OF THE HISTORIC MONTGOMERY GI BILL.

THIS PROGRAM--RIGHTFULLY AND PROUDLY NAMED FOR THIS COMMITTEE'S RANKING DEMOCRAT, SONNY MONTGOMERY--HAS ALLOWED MILLIONS OF MEMBERS OF THE ARMED SERVICES ALL ACROSS THIS COUNTRY TO OBTAIN A HIGHER EDUCATION OR TO PARTICIPATE IN A WHOLE RANGE OF TRAINING PROGRAMS.

THOSE WHO HAVE STUDIED THE HISTORY OF THIS VITAL PROGRAM KNOW IT WAS VIRTUALLY SINGLE-HANDEDLY ENACTED IN THE MID-1980'S BY REPRESENTATIVE MONTGOMERY, MY PARTIES "MR. VETERAN," AS A MODERNIZATION OF THE ORIGINAL GI BILL.

NEEDLESS TO SAY, THE CURRENT PROGRAM STANDS AS A MODEL OF HOW TO ENCOURAGE OUR BRIGHT, YOUNG, AND BRAVE MEMBERS OF THE MILITARY TO BETTER THEMSELVES.

JUST AS SONNY DREAMED, IT IS A UNIQUE AND IMMENSELY EFFECTIVE PROGRAM AND THE ONLY MAJOR FEDERAL EDUCATIONAL ASSISTANCE BENEFIT THAT IS EARNED BY THOSE WHO USE IT.

EACH ACTIVE DUTY MEMBER OF THE ARMED SERVICES OR RESERVIST WHO ENROLLS IN THE PROGRAM HELPS PAY THEIR OWN WAY BY CONTRIBUTING $1,200. AFTER TEN YEARS, 70 PERCENT OF THE COSTS OF THE PROGRAM HAVE BEEN PAID FOR BY THE PARTICIPANTS! NOT MANY OTHER FEDERAL PROGRAMS CAN MAKE THAT CLAIM.

FROM ITS BEGINNINGS, THE MONTGOMERY GI BILL HAS TIME AND TIME AGAIN MORE THAN MET ITS TWO PRIMARY GOALS OF ASSISTING VETERANS TO READJUST TO CIVILIAN LIFE AND HELPING OUR MILITARY RECRUIT THE BEST AND

BRIGHTEST YOUNG MEN AND WOMEN NEEDED TO MAKE OUR ALL VOLUNTEER ARMED SERVICES WORK.

I KNOW FIRST-HAND THE IMPORTANCE OF THE GI BILL AND WHAT IT CAN DO FOR OUR YOUNG CITIZENS.

AS MANY OF YOU KNOW, I COME FROM A PART OF THE COUNTRY THAT LOST HUNDREDS OF THOUSANDS JOBS IN THE 1970'S AND 1980'S IN THE WAKE OF THE CLOSING OF COUNTLESS STEEL PLANTS AND MINES. AS A RESULT, MANY OF THE AREAS YOUNG PEOPLE TURNED TO THE MILITARY AS A WAY TO ACQUIRE TRAINING AND A POSSIBLE CAREER. TODAY, THOUSANDS OF MY CONSTITUENTS ARE ACTIVE-DUTY MILITARY PERSONNEL OR IN THE RESERVES.

WHEN THEY LEAVE THE MILITARY, THEY NATURALLY TURN TO THEIR GI BILL BENEFITS AS A WAY TO GET A DEGREE AND A GOOD PAYING JOB. LIKE SOME OF THOSE WHO WILL TESTIFY BEFORE US TODAY, I WISH THERE WAS A WAY WE COULD

BOOST THIS BENEFIT SO THAT IT MORE ADEQUATELY COVERS THE COST OF AN EDUCATION.

KNOWING HOW GREATLY STUDENTS RELY UPON THEIR MONTHLY GI BENEFIT TO BUY BOOKS AND EAT, I WAS MOST DISTURBED THAT DURING THE TWO RECENT GOVERNMENT SHUTDOWNS THAT NEW STUDENTS COULD NOT RECEIVE BENEFITS AND SOME WORK-STUDY STUDENTS COULD NOT GO TO WORK.

THIS SHOULD NEVER HAPPEN AGAIN AND I AM ANXIOUS TO BE REASSURED THAT THE BACKLOG THAT BUILT UP DURING THESE SHUTDOWNS HAS BEEN ELIMINATED.

I ALSO WANT TO ADD MY CONCERN TO THAT WHICH HAS BEEN EXPRESSED BY REPRESENTATIVE MONTGOMERY ABOUT PLANS TO POSSIBLY MOVE THE EDUCATIONAL SERVICE CENTER FROM THE VA CENTRAL OFFICE TO ST. LOUIS. I WANT TO HEAR THE RATIONAL BEHIND THIS PROPOSAL. THE

BOTTOM LINE IS THAT SERVICE SIMPLY CANNOT BE CURTAILED.

I ALSO WANT TO EXPRESS SUPPORT FOR THE NOTION OF SETTING UP AN 800 NUMBER THAT STUDENTS COULD CALL TO SELF-CERTIFY THEMSELVES EACH MONTH. I AM NOT ACQUAINTED WITH ALL THE DETAILS, BUT I CAN SEE THIS WOULD CERTAINLY HELP SIMPLIFY THE CURRENT PROCESS.

FINALLY, I WANT TO SAY, SONNY, YOU SHOULD BE PROUD OF YOUR EFFORTS! THIS PROGRAM IS A GREAT TRIBUTE TO YOU. I AM HUMBLED AND HONORED TO BE ABLE TO SERVE WITH YOU ON THIS IMPORTANT COMMITTEE.

WE ARE CERTAINLY GOING TO MISS YOU NEXT YEAR, AND I THINK I CAN SPEAK FOR ALL OF US HERE IN PROMISING THAT WE WILL WORK HARD TO SEE THAT THE GI BILL CONTINUES TO FUNCTION AS A TOP NOTCH EDUCATIONAL AND MILITARY TOOL.

I KNOW YOU WOULD WANT US TO DO NO LESS!

GOD BLESS YOU!

--THE END--

STATEMENT OF THE

DEPUTY ASSISTANT SECRETARY OF DEFENSE

FOR MILITARY PERSONNEL POLICY

LIEUTENANT GENERAL SAMUEL E. EBBESEN

BEFORE THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

SUBCOMMITTEE ON EDUCATION, TRAINING,

EMPLOYMENT AND HOUSING

MONTGOMERY GI BILL

MARCH 7, 1996

For Official Use Only
Until Released by the House Subcommittee
on Education, Training and Employment

Good morning Mr. Chairman and members of the Subcommittee, I am pleased to appear before you today in the first year of the second decade of the Montgomery GI Bill (MGIB) to discuss this vital program. There is little doubt that the MGIB has met or exceeded the expectations of its sponsors, and has been a major contributor to the success of the All-Volunteer Force.

The original "GI Bill of Rights," created at the end of World War II, gave returning Service members a comprehensive package of benefits to compensate for opportunities lost while in the military, and to ease their transition back into civilian life. We recently celebrated the 50th Anniversary of this legislation. The noted economist, Peter Drucker described the GI Bill by saying, *"Future historians may consider it the most important event of the 20th century."* Perhaps the most far-reaching provision of the GI Bill was the financial assistance it made available for veterans to attend college.

Today's MGIB traces its lineage directly to this milestone program, with one important change. While all earlier GI Bill programs were designed to ease the transition to civilian life from a conscripted military force, since 1973, we have defended this nation with volunteers. Thus, the MGIB has as one of its purposes, *"to promote and assist the All-Volunteer Force program and the Total Force Concept of the Armed Forces by establishing a new program of educational assistance based upon service on active duty or a combination of service on active duty and in the Selected Reserve to aid in the recruitment and retention of highly qualified personnel for both the active and reserve components of the Armed Forces."* So the MGIB is not only designed to aid in recruiting, but also for the first time recognizes the vital role of the Reserve Components in our defense and extends educational benefits to these "citizen-Service members." My testimony will cover the MGIB for active service; Mr. Al Bemis, Deputy Assistant Secretary of Defense for Reserve Manpower and Personnel will discuss the MGIB for the Selected Reserve.

RECRUITING..

The Department continues to be successful both in the number and quality of accessions. During FY 1995, all Services met their recruiting objectives, accessing 168,010 first-time enlistees with excellent recruit quality. Ninety-six percent of new recruits were high school diploma graduates compared with 93 percent in 1985, the first year of the MGIB. Even more dramatic is the change in above-average aptitude recruits (Categories I-IIIA); 71 percent of new recruits scored above average on the enlistment test in FY 1995, compared with 62 percent in

1985. Moreover, in FY 1985, seven percent of new recruits scored in the lowest acceptable aptitude category (Category IV); in FY 1995, we accessed fewer than one percent in this category.

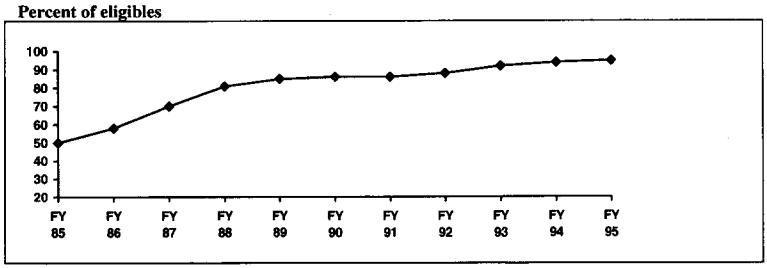
Through the first four months of FY 1996, the Services met their numeric goals and the quality of enlisted accessions remained high. Ninety-five percent of new recruits were high school diploma graduates while 68 percent scored above average on the enlistment test. Incentive programs, such as the Montgomery GI Bill, are vital to our success in attracting bright and well educated people into the military.

THE MONTGOMERY GI BILL..

ENROLLMENT

The Montgomery GI Bill enrollment rates have continued to rise each year since its inception, with 95 percent of eligible recruits choosing to enroll in FY 1995. As shown in the figure below, enrollment in the active duty program has risen from only 50 percent in the first year, 1985, to the current 95 percent. A total of 2 million men and women, from an eligible pool of 2.7 million, have chosen to participate in the MGIB since July 1, 1985. Such participation rates clearly demonstrate the attractiveness of the Montgomery GI Bill.

Enlisted MGIB Enrollment - FY 1985 to FY 1995
Percent of eligibles



To ensure enlistees fully understand the structure and benefits of the program, and the requirement to disenroll if electing not to participate, they are briefed at Military Entrance Processing Stations during in-processing, and again at recruit training. It is here, within two weeks after enlistment, that the final decision is made whether to participate in the Montgomery GI Bill program. Finally, at separation, eligible individuals again are briefed on the MGIB and encouraged to take advantage of the educational opportunities it provides.

ASSISTANCE IN THE DRAWDOWN

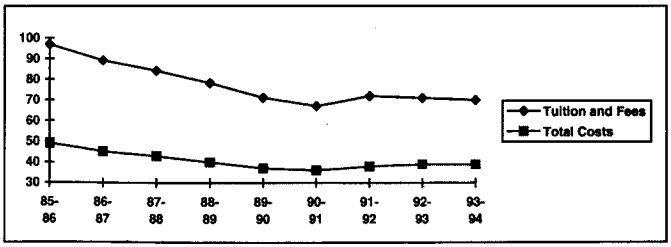
The 1990s saw America's Armed Forces facing a significant reduction in size as the Cold War ended. Unfortunately, as with any major strength reduction, the lives and career expectations of many in the workforce became uncertain. However, unlike the last major drawdown of forces after Vietnam, we wanted to ensure that all affected Service members were treated with the respect, dignity, and appreciation they deserved. Your Subcommittee was instrumental in this with the extension of MGIB eligibility to those who either chose to leave service voluntarily or were involuntarily separated as a result of the drawdown.

Those individuals participating in the Voluntary Separation Incentive (VSI) and Special Separation Benefit (SSB) programs were offered the opportunity to participate in the Montgomery GI Bill, if they had not previously enrolled during their initial enlistment. In all, over 41,000 separating Service members have taken advantage of this opportunity. Over 18,000 Service members separating under VSI or SSB enrolled in the MGIB program and over 11,000 of them have gone on to use their benefit. Of the Service members involuntarily separated since February 1991, over 23,000 have enrolled in the MGIB.

VALUE OF THE MGIB STIPEND

The following figure presents the percent of average four-year college costs offset for each of the years the Montgomery GI Bill has been in effect. The offset declined from nearly 97 percent of the cost of tuition and fees in School Year 1985-86 to 70 percent by School Year 1993-94, as average annual tuition and fees for a four-year program rose by 43 percent. With the

Percentage of Education Costs Offset by MGIB



early 1990s increase in MGIB benefits from $300 to $400 per month, and the provision to annually adjust the benefit for inflation, the offset has leveled after reaching a low in School Year 1990-91.

Given our recent recruiting successes, current basic benefits appear to be adequate as an enlistment incentive. However, if college costs, especially tuition and fees, continue to rise significantly above inflation, the offset provided by the Montgomery GI Bill benefits will require close monitoring to keep the program competitive. Recognizing the tight resource climate we all face, we welcome the opportunity to work with your Subcommittee to seek innovative ways to keep the existing MGIB stipend at satisfactory levels both to attract new recruits and to help pay for a college education.

IN-SERVICE EDUCATION

The Department is making attempts to maximize existing educational programs which are used during service as an effort to give separating Service members a "leg-up" on their educational goals. As part of its off-duty voluntary education effort, the Department operates a number of programs that allow Service members to receive academic credit without enrolling in traditional college and university courses. Two of these programs, the Military Evaluations Program and the Examinations Program, produce college credit at considerable cost savings to both the Service member and the government.

Under the Military Evaluations Program, the American Council on Education (ACE), under contract with the Department, develops recommendations for the award of college credit based on its evaluation of military training (formal courses and on-the-job training) and work experience. These recommendations are published in the *Guide to the Evaluation of Educational Experiences in the Armed Forces,* commonly referred to as the ACE Guide. Many colleges and universities award college credit based on these recommendations. For example, the Guide recommends three semester hours in supply management, three semester hours in clerical procedures, and one semester hour in interpersonal communication for a sailor attending the Navy's eight-week Storekeeper Class A Course. For an Army Information Systems Operator, separating at the completion of one term of service, the Guide recommends three semester hours in introduction to computers and computing, and three semester hours in introduction to computer operations.

The Examinations Program provides Service members with a means of earning college credit through college placement testing. Through contracts with the College Board and the Educational Testing Service, tests in more than 100 academic subjects are available to Service members at no cost. Colleges and universities grant academic credit based on acceptable scores

on these tests. Credits earned through testing cost considerably less than if earned in resident courses for which tuition would be paid. For example, one $35 test could produce the same 3 credits that might otherwise cost $300 or more in tuition.

The above programs effectively maximize the limited dollars available for helping Service members achieve academic advancement and earn college degrees. Service members are counseled to take full advantage of these programs.

ADVERTISING

The continued success experienced with the Montgomery GI Bill is in large part the result of emphasis placed on the program by Service recruiters, to include military advertising, and recognition across the nation that education plays a vital role in today's workplace. Montgomery GI Bill information continues to be prominently featured in our direct mail recruiting literature. Every 18-year-old male who registers with the Selective Service System receives a full-color information brochure explaining the benefits of the MGIB program. Approximately 1.8 million young men are reached in this manner each year. An expanded version of the brochure is distributed to the Services for use at recruiting stations and also is provided to high school guidance counselors.

Another important advertising initiative was a painting by Michael J. Deas, a now prominent artist who is best known for his rendition of Marilyn Monroe on a U.S. Postage Stamp. The painting, which has been made into both a print advertisement and a poster to be displayed by recruiters in their stations, depicts Uncle Sam with the tagline, "If You Can't Get Money For College From Your Parents, Get It From Your Uncle". We also produce and distribute a magazine for use by high school seniors and guidance counselors which contains the new MGIB "Uncle Sam" print advertisement and individual ads from each of the Services. The magazine, called *FUTURES,* is mailed to 3.3 million students and over 21,000 guidance counselors every year.

AUTOMATION AND DATA ACCURACY

In the past, this Subcommittee has expressed concern about the timeliness and accuracy of automated data flow between the Services, the Defense Manpower Data Center (DMDC) and the Department of Veterans' Affairs (DVA). We recognize that data accuracy is a key objective of smooth payment to veterans. Two years ago, when over 15 percent of the records in the

MGIB database did not contain sufficient information to identify participants' eligibility, we told you we had established a goal of reducing the "unknowns" rate to less than five percent. This was an ambitious goal, but as of January 1996, only 3.5 percent of MGIB records are coded "unknown."

Data exchanges, such as the one between DMDC and DVA are regulated by the various provisions of the Privacy Act of 1974, including subsequent amendments dealing with computer matching. There is a significant administrative burden associated with the need to frequently renegotiate Matching Agreements between and among agencies for programs which are long-term and continuing. Increasing the life of a Matching Agreement from 18 months with one 12 month renewal to perhaps a number of 12 month renewals would significantly decrease administrative burden for this and other similar programs.

TESTIMONIAL...

Before I conclude, I want to take the opportunity to pay tribute to Congressman G.V. (Sonny) Montgomery, the man for whom the MGIB was named. With his pending retirement from Congress, this may well be his last formal hearing on the MGIB, and I believe it imperative to let him know how grateful we have been for his support. In July 1995, Secretary of Defense William J. Perry presented Mr. Montgomery with the Department of Defense Medal for Distinguished Public Service in a ceremony commemorating the 10th anniversary of the MGIB. I would like to read the citation from this award into the record.

"The Department of Defense Medal for Distinguished Public Service is awarded to G.V. (Sonny) Montgomery for exceptionally distinguished service to the Department of Defense and the Military Services as the sponsor and proponent of the Montgomery GI Bill, from July 1985 through July 1995. Mr. Montgomery's commitment to this legislation grew from his recognition that the Military Services faced enormous difficulty in recruiting during the early years of the All-Volunteer Force. He drafted, sponsored and ensured passage of this sweeping educational program which was designed to enhance the ability of the Armed Services to recruit and retain high-quality people, while at the same time assisting in the readjustment of former Service members to civilian life. The resultant program became the Department of Defense's most effective recruiting tool. Nearly two million active duty military personnel and 360,000 Selected Reservists have participated since enactment. The quality of recruits entering active duty was exceptional. The proportion of recruits with above-average aptitude

who also held a high school diploma expanded from about half to nearly two-thirds of the enlistees -- an extraordinary accomplishment that is substantially attributable to Mr. Montgomery and the modern GI Bill he created. Mr. Montgomery's vision in conceiving this program, coupled with his tenacity in ensuring enactment, represents the highest traditions of Government and public service and reflects great credit upon himself, the Department of Defense and the Congress of the United States. For these and his many other contributions in support of America's Armed Forces, I take great pleasure in presenting G.V. (Sonny) Montgomery the Department of Defense Medal for Distinguished Public Service."

Mr. Chairman, I thank you, our Armed Forces thank you, and America's youth thanks you.

CONCLUSION..

Significant improvements have been made in military manpower over the past 10 years. Today, our volunteer military stands ready, willing and able to defend our nation and its values and principles around the world. Credit for success in attracting and retaining high quality personnel belongs in no small part to Congress and this Subcommittee for providing us with the MGIB program. Largely as a result of the MGIB, we have been able to increase and then sustain recruit quality despite a shrinking pool of eligible youth in a period of fiscal austerity.

STATEMENT OF THE

DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER & PERSONNEL

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

MR. AL BEMIS

BEFORE THE

HOUSE VETERAN'S AFFAIRS SUBCOMMITTEE ON EDUCATION, TRAINING, EMPLOYMENT AND HOUSING

IN CONNECTION WITH VETERANS' EDUCATION ASSISTANCE

MARCH 7, 1996

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HOUSE COMMITTEE ON VETERAN'S AFFAIRS
SUBCOMMITTEE ON EDUCATION, TRAINING, EMPLOYMENT AND HOUSING

Mr. Chairman and members of the Subcommittee:

I am very pleased to appear before you today to discuss the challenges to the recruitment value of the Montgomery GI Bill-Selected Reserve in view of today's rapidly rising tuition costs.

THE MONTGOMERY GI BILL-SELECTED RESERVE

The Montgomery GI Bill-Selected Reserve is a non-contributory program that provides educational assistance to Selected Reserve Members who enlist, reenlist, or agree to serve in the Selected Reserve for six years. To qualify for benefits, members must have completed requirements for award of a high school diploma before completing their initial entry training. To be eligible for educational assistance under the vocational or technical programs, the enlistment, reenlistment, or agreement to serve must be on or after October 1, 1990. Those who continue their service in the Selected Reserve have up to ten years within which to use the entitlement. Benefits are payable, for as long as 36 months of education, at the rate of $197.90 per month for full-time pursuit. Unlike previous GI Bill programs and the Montgomery GI Bill for the active components, the Montgomery GI Bill-Selected Reserve provides for receipt of benefits before the qualifying military service is completed. Also, unlike the previous GI Bill, the reserve program is a recruiting and retention tool.

Evidence of this program's effectiveness is reflected in high overall participation. During Fiscal Year 1995 more than 97,000 Selected Reservists received Montgomery GI Bill educational benefits. Since the inception of the program, 378,000 National Guard members and Reservists have applied for educational assistance.

Studies conducted by the Sixth Quadrennial Review of Military Compensation and the Rand Corporation confirms that the MGIB-SR continues to be one of the most important recruiting and retention incentives for the Reserve components. It has been particularly important with respect to retention. Information collected during the 1986 DoD Reserve Components Survey indicated that the Montgomery GI Bill was a major or moderate contributing factor for remaining in the Guard and Reserves for 40.4 percent of the service members. In the 1992 DoD Reserve Components Survey that percentage had risen to 48.2.

The following table reflects the expenditure and recipient growth since 1985.

TABLE 1

Montgomery GI Bill-Selected Reserve Benefits Paid* by Fiscal Year

Fiscal Year	Expenditure	Recipients
1985	$196,000	1,160
1986	$24,169,000	31,678
1987	$45,580,746	52,459
1988	$65,344,838	72,846
1989	$78,799,234	90,584
1990	$87,388,473	102,233
1991	$76,859,548	103,152**
1992	$112,966,267*	115,120**
1993	$119,117,286*	110,457**
1994	$117,469,889	103,799**
1995	$108,004,200	97,246**

* Includes October 1, 1991 rate increase which was paid from the Defense Cooperation Account ($15,921,018 in fiscal Year 1992, and $21,904,132 in fiscal Year 1993.)

** Includes the Coast Guard Reserve.

Despite the expenditure and recipient growth, the value of the Montgomery GI Bill-Selected Reserve in covering college tuition and fees has declined since it was first offered to our service members. In 1996 dollars, the percent of offset in total education costs has dropped from

23% in school year 1985-86 to 18 % for school year 1993-94. The percentage, for tuition and fees, has decreased from 45% of a student's bill in school year 1985-86 to 33% of the cost in school year 1993-94:

School Year	85-86	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	Change 85-94
Average Total Education Costs	$7,504	$7,922	$8,013	$8,252	$8,506	$8,660	$9,155	$9,493	$9,841	31%
Percent of Total Offset by MGIB-SR	23%	21%	20%	19%	17%	17%	18%	18%	18%	
Education Costs: Tuition and Fees	$3,796	$4,027	$4,090	$4,260	$4,482	$4,567	$4,880	$5,151	$5,414	43%
Percent of Tuition/Fees offset by MGIB-SR	45%	41%	39%	36%	33%	31%	34%	33%	33%	
MGIB-SR Benefit	$1,718	$1,668	$1,610	$1,546	$1,486	$1,435	$1,664	$1,702	$1,811	5%

Notes: Constant FY 1996 dollars, adjusted for inflation.

Data Source: U.S. Department of Education, Nation Center for Education Statistics.

KICKER PROGRAM FOR THE MGIB-SR

While we are talking about the recruitment value of the MGIB-SR, I want to thank the Congress for including the two "kicker" programs in the 1996 Defense Authorization Act. This legislation allows for payment of a "kicker" up to $350 per month for Selected Reservists in addition to their MGIB-SR benefits if they are serving in critical specialties or units as designated by the Service Secretaries. A "kicker" of up to $350 was also authorized to be given in conjunction with the active duty Montgomery GI Bill to service members who have separated from active service and have affiliated with the Selected Reserve in a designated critical unit or specialty.

We have begun working with the Services on an implementation plan for these "kickers". Important items for this working group to address in the plan are: establishment of critical units or specialties; consideration of levels or bands for kicker payment amounts; and, identification of funding for the Service budgets. We anticipate a trial period beginning in FY 1997 with full implementation in FY 1998.

RESERVE USE OF NON-TRADITIONAL EDUCATION

To supplement the recruitment value of the MGIB-SR, the Reserve components have been strong supporters of non-traditional education programs. Because the Montgomery GI Bill-Selected Reserve program does not meet the full costs of education, these programs have been very important in stretching the Reservist's education dollar. In May 1994, the Assistant Secretary of Defense for Reserve Affairs, Ms. Deborah Lee, formed the Reserve Component Education Panel (RCEP). The panel's charter was to help focus program efforts that can be most beneficial to the Reserve components by enhancing awareness of Defense Activity for Non-Traditional Educational Support Activity (DANTES) educational opportunities and access to these opportunities. The panel meets twice a year.

DANTES is a great friend of Reservists. It has offered them support equal to that of active duty members. The Services and service members, through awareness programs generated by the RCEP, have realized significant benefits through the voluntary education services such as DANTES credit by examination and credit by evaluation. These time-saving programs are successful methods of cost avoidance through accelerating a student's academic progress by awarding credit for what the student already knows.

In 1995 the Florida Pilot Testing Program was begun which authorized all Selected Reservists in Florida to take the DANTES Standard Subject Tests (DSST) or the College Level Examination Program (CLEP) exams at approximately 25 National Testing Centers (NTC) at participating colleges and universities in that state. This allowed Reservists to drive to the nearest NTC instead of being forced to travel to a distant Reserve Education Center for the exams. The service member is required to pay an $8.00 fee to the NTC and DANTES pays for the exam. This test program will extend through December 1996 when it will be evaluated to determine if it should be continued or expanded. Use of NTC helps to maximize the educational assistance available to reservists, but it still does not help the reservists keep up with the rapidly rising cost of education.

I would like to take this opportunity to thank the Congress for extending the deadline for the MGIB-SR Annual Report. This will grant us more time to collect the end-of-year data needed for review and analysis. The final result will be a better evaluation of the MGIB-SR program and the opportunity to provide you and the Services with a better report of the evaluation.

CLOSING

I thank you again for this opportunity to discuss this vital recruiting and retention tool for our reserve components.

March 11, 1996

Note to Congressional Hearing on Veterans Affairs

Dear Mr. Devine,

Here is a list of suggestions to add to the record.

1. Adjudication officers should be assigned a specific block of personnel, whether by last name or social, and be held accountable for those cases. Their names should be included in correspondence, with a phone number.

2. Every time a student calls the V. A. about their claim, it should be annotated in their file.

3. Proof that a student is attending school could be done easier, quicker and more reliabl between the school and the RMO, since there is a computer link between the two.

4. Claims processing should be decentralized to the state or regional levels. It seems the problems were far fewer in the past.

5. Military members who opt to remain in service for more than the required 4 years for the G. I. Bill, are going to be faced with higher education costs than those who get out at that point. There should be some provision to compensate for the inflation, like a gradua increase in benefits per year.

6. A hike in the initial payment to the fund should not hurt recruitment too bad. There has not been an increase since the program began about 10 years ago. There is no way this program can keep up with the inflation of education.

Thank you so much Mr. Devine for inviting me to testify. I hope some of these suggestions can be considered.

Kelly S. Mayo

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STATEMENT OF

RAYMOND H. AVENT

DEPUTY UNDER SECRETARY FOR BENEFITS

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING

EMPLOYMENT AND HOUSING

HOUSE OF REPRESENTATIVES

March 7, 1996

Mr. Chairman and members of the Subcommittee:

Thank you for the opportunity to appear before this Subcommittee to provide testimony concerning the cost-effectiveness of the Montgomery GI Bill (MGIB) and innovative ideas to improve educational opportunities.

Mr. Chairman, although the increased cost of higher education is not a problem that only veterans encounter, the veteran of today does indeed face a challenge to complete his or her education within the current payment structure of the Montgomery GI Bill. In its 1995 annual survey of college pricing, The College Board reports that nationally, tuition has risen more than six percent over the previous year. This increase is at about the same rate that has occurred during the last 2 years. The College Board report also shows that student dependence on loans to pay for tuition is growing rapidly, burdening many students with large debts. Along these lines, Donald M. Stewart, president of the College Board made the comment that: "A college education should help people create a better future, not a deeply mortgaged future."

Specifically, tuition and fees (excluding room and board) now average $12,432 per year at 4-year private colleges; $2,860 per year at 4-year public colleges; $6,350 per year at 2-year private colleges and $1,387 per year at 2-year public colleges. Of course, Mr. Chairman,

our veteran students do not always want to go to the "average tuition" or low tuition college. For example, a veteran attending a public school, such as George Mason University, pays tuition and fees of $4,212 to attend full-time. This is more than he would receive under the MGIB program for a school year.

In addition to utilizing their Montgomery GI Bill benefits, veterans also may avail themselves of opportunities for non-VA financing from other sources. These opportunities include the various programs of grants and loans administered by the Department of Education.

I would like to give you a brief overview of the Montgomery GI Bill program. The Department of Defense has notified us that, through the end of January 1996, some 2.03 million servicepersons, just over 74 percent of those who were eligible, had participated in the MGIB. In Fiscal Year 1994, just over 284,000 MGIB trainees were in receipt of benefits. This number increased to 292,000 in Fiscal Year 1995. Current projections reflect increases in trainees through Fiscal Year 1999, when the number is expected to peak at close to 336,000 trainees. The overwhelming majority of these trainees are pursuing college-level courses.

Under the Montgomery GI Bill - Selected Reserve program, there were 97,246 trainees in Fiscal Year 1995. Current projections show increases in trainees peaking in Fiscal Year 1996 at close to 115,000.

This past fall's enrollment processing was not as smooth as expected. Normally we handle peak workload periods in the education program -- fall and spring enrollment -- with overtime. Due to budgetary constraints, however, overtime could only be used sparingly. In addition, we were unable to add staffing to the four education processing offices to handle the increased workload. The growing backlog of education claims was further impacted by the furloughs in November and December. Although all four offices incurred backlogs,

our Atlanta regional office was affected the most. The latest continuing resolution funded the Readjustment Benefits Account for the balance of the fiscal year. Therefore, we were in a better position to allocate additional resources to Atlanta and the other offices. Last month we authorized these facilities to add education claims processors. Further, overtime has been authorized for the last few weeks.

In order to more evenly distribute the workload among the four regional processing offices, we are transferring jurisdiction for Virginia, Maryland, and District of Columbia education cases from Atlanta to Buffalo. This should take place in April and should improve the timeliness of our claims processing in Atlanta.

Late January and early February are traditionally peak enrollment periods. Incoming claims have now peaked, and with the use of overtime, the pending work has been declining for the past 3 weeks. Coupled with additional staffing and the jurisdictional readjustment, we believe that the backlogs will be reduced significantly.

Mr. Chairman, there are a number of VA initiatives that I would like to touch on briefly which will improve the administration and timeliness of the education program. The first is VAOnline. On February 2, 1995, VAOnline, an electronic information system, was installed in conjunction with the Persian Gulf Helpline to provide a wide range of VA benefit information. This information service is available to anyone with a personal computer and a modem through an 800 number or through the Internet. Beginning August 29, 1995, an education payment inquiry capability was added to VAOnline and piloted by our Buffalo office.

VA can now accept inquiries from students, school officials or veterans service organization representatives from the State of New York. The Buffalo office established a special team to answer these inquiries. To date, they have been able to resolve the majority of

inquiries within 1 day. We expanded the service to Ohio in November and, on March 1, 1996, we included the State of Pennsylvania and also began similar operations at our Muskogee Regional Processing Office for our clientele in Oklahoma and Texas. Our plan is to expand this service nationwide. Expansion will be dictated by the availability of sufficient ADP equipment to receive inquiries at our education processing offices and our ability to respond to the inquiries promptly.

Another technological enhancement is VACERT. We developed VACERT, the electronic education certification program, to assist education officials in certifying VA students. Using personal computers, school officials can enter the appropriate enrollment information and send it to VA electronically, avoiding postal and regional office mailroom delays. The number of schools using VACERT has risen to approximately 1,500 and since June, VA has received more than 198,000 electronic certifications. The Education Service plans to use the electronic certifications generated by VACERT as the basis for developing a "smart" system to process education claims. This proposal is one of our reinventing government initiatives, preparation for which is projected to begin in Fiscal Year 1997, subject to availability of funding.

In addition, we are exploring the costs and developing the requirements for a separate 800 number service for education inquiries. Features would include an interactive voice service to allow the caller to leave a message and an automated monthly student verification of enrollment to eliminate the need for VA receipt of a paper certification. In another area, we are working to provide electronic fund transfer (EFT), or "direct deposit," services for education benefit recipients. We expect that students receiving education benefits under the Montgomery GI Bill will be able to use EFT in the early summer of 1996. All of these initiatives are designed to improve service and speed delivery of benefits to veterans.

As we implement our own innovations, we have noted the many innovative education delivery systems that already exist to varying degrees, as well as current and future trends. Education is no longer constrained to the confines of a traditional classroom with four walls. Students are pursuing degrees through independent study, and distance learning.

In order to develop customer-based standards of performance, we conducted a series of focus groups with education program beneficiaries and school officials nationwide. We developed customer-service standards during the last fiscal year based on the focus group responses. Similarly, we have been involved in a number of meetings on program issues with members of the education community, State Approving Agency representatives, and staff from VA's Central Office, and field stations. One such meeting involved the issue of course measurement. We are implementing some excellent suggestions and recommendations which came out of that group. We are also exploring ways to increase use of the MGIB and to help those veterans already using it to enhance their basic benefit with ancillary benefits. We have discussed various initiatives with DOD education program managers to encourage service personnel and veterans to use their benefits.

One such proposal, which could be readily implemented, involves mailing a letter to servicemembers when their final MGIB $100 pay reduction is made, congratulating them on being vested in the program and reminding them that their benefits can be used while on active duty after completing 24 months. VA, subsequently, could follow up with a letter providing general information about the Montgomery GI Bill, the work study program, and other useful information.

A particular goal we have is to promote maximum use by veterans and eligible persons of all available title 38 educational assistance. For instance, we plan to encourage greater use of one of our ancillary programs, the work study program. This program provides veterans with an additional allowance for services performed in VA-related activities. Further, individuals receiving benefits under

the Selected Reserve portion of the Montgomery GI Bill can perform duties relating to Selected Reserve activities at DOD facilities. Currently, veterans, reservists and National Guard members are utilizing this program while performing services for the VA, as well as educational institutions, as part of transition assistance, at our regional offices, at hospitals and at reserve and National Guard offices. We plan to increase outreach efforts and to stress the work study benefit as part of the education benefits package. In this way, veterans will be able to get even greater mileage out of their VA education benefits.

We are also involved in a joint venture with the education community. Most recently, in May of 1995, working with the American Association of Collegiate Registrars and Admissions Officers, we published the Certification of Students Under Veterans' Laws, a training and reference guide that provides information for certifying officials and other advisors of veterans, their dependents or survivors, and servicepersons.

I would also like to say a few words about coordination with other federal agencies. Throughout the history of the GI Bill, we have worked closely in the implementation of our various education programs with the Department of Defense, the Department of Transportation (with respect to the Coast Guard), the Federal Aviation Administration, the Department of Labor and the Department of Education, and we continue to do so. Especially with regard to the Montgomery GI Bill, our education program officials meet with their counterparts in DOD, the military Services, and Reserve Affairs, on a routine basis to discuss any processing difficulties and common administrative issues that may arise.

Mr. Chairman, that concludes my testimony. I would be happy to answer any questions you or members of the Subcommittee may have.

STATEMENT

BY

CHIEF MASTER SERGEANT JAMES D. STATON, USAF (RET.)

EXECUTIVE DIRECTOR

AIR FORCE SERGEANTS ASSOCIATION

BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON
EDUCATION, TRAINING, EMPLOYMENT AND HOUSING

ON

THE MONTGOMERY G.I. BILL

MARCH 7, 1996

AIR FORCE SERGEANTS ASSOCIATION
International Headquarters, Post Office Box 50, Temple Hills, Maryland 20757
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Mr. Chairman and distinguished committee members, thank you for this opportunity to discuss the important Montgomery G.I. Bill (MGIB). Since its inception over 10 years ago, the program has provided many enlisted members with a vital educational opportunity that is needed in today's economy. AFSA has vigorously defended the program from ill-conceived proposals that would have lowered the benefit's value, and will continue to do so. However, the benefit could use strengthening, and AFSA recommends that the following proposals be considered.

1. **Delink the MGIB's Cost-of-Living Adjustment (COLA) from the Consumer Price Index (CPI) and link it to a measure of the actual increases in educational tuition.** Since 1987, cost increases at four-year public colleges have averaged 7.6 percent annually and private colleges have annually averaged 7.5 percent increases. However, the overall inflation rate, which the CPI represents, has actually fallen in that time. Consequently, the MGIB benefit has not kept pace with the rising costs of higher education. It would improve the benefit dramatically if it was tied to a measure of the actual increase in college tuition costs. At the very least, the MGIB's annual CPI COLA should be full to prevent an even greater benefit erosion.

2. **Change the enrollment period so that the decision to participate can be made later.** Unfortunately, there is only one enrollment period, at basic training when enlistees are earning so little. For new enlistees with families, the financial commitment of $100 per month, combined with the stress caused by the change to a military lifestyle, unfamiliar surroundings and separation from loved ones, makes the payroll deduction burdensome at that time. Having the option to participate after the first year of service would allow everyone to make their participation decision under less stressful circumstances, when they are more acclimated to their situation and have a better sense of their financial needs.

3. **Change the system so that those who serve less than 36 months and are discharged under honorable conditions receive one month of benefit for each month served -- after all, they contributed $1,200.** The decision to participate in the MGIB program is irrevocable. Additionally, current law dictates that participants must serve honorably and complete certain minimum service obligations: (1) Over 30 months for a 36-month or more obligation; or (2) At least 20 months for an obligation of less than 36 months. Those who serve less, but were discharged honorably, cannot receive their benefits even if they have paid $1,200. AFSA believes that a fairer solution would allow them to receive one month's benefit for each month served. For example, if a service member with an obligation of more than three years serves only 23 months but is discharged honorably, then s/he should receive 23 months of educational benefits. An example is someone who is hurt in the line of duty and can no longer serve. They should not be penalized for this with the loss of their educational benefit, which was paid for in full.

4. **Remove time limitations for the use of the MGIB benefits.** Current law dictates that military members have 10 years after their discharge or release from active duty to use their benefits. However, many enlisted members must work after discharge and lack sufficient time to complete their education. They cannot complete it until later in their lives. This is an earned benefit that should be available at any time when the service member is able to use it.

5. **A window of opportunity should be provided to service members who originally participated in the Veterans' Educational Assistance Program (VEAP) to convert to the MGIB.** The window should include a fair proration of benefits already used. Participants in older education programs deserve the right to convert their benefits (which were paid for through dollars and service) to the MGIB, if they choose.

Mr. Chairman, AFSA believes that these suggestions will improve the MGIB benefit. The program has helped many enlisted members with their transition back to civilian life and to obtain higher-paying employment. It helps the military by attracting motivated recruits, and helps society because it turns out better-educated people who contribute to a larger tax base. We appreciate your efforts during this Congress to protect the Montgomery G.I. Bill benefit and, as always, AFSA is ready to assist you in matters of mutual concern.

STATEMENT OF
CAROL RUTHERFORD, ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON EDUCATION, TRAINING, EMPLOYMENT AND HOUSING
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 7, 1996

Mr. Chairman, The American Legion appreciates the opportunity to express its views on improving veteran's educational assistance programs. It is this Committee that drafted the original legislation for the Montgomery GI Bill. That legislation replaced the Veterans Education Assistance Program (VEAP) and greatly improved the educational benefits earned by veterans.

Over fifty years ago, The American Legion drafted and Congress passed the Servicemen's Readjustment Act of 1944. The original bill provided veterans with free educational benefits, a monthly stipend, no money down home loans, as well as health care and other benefits at no cost to the veteran. Although the original GI Bill was modified over the years, educational benefits provided to veterans remained adequate until the end of the Vietnam era.

Sadly, America's newest generation of veterans has seen the buying power of their educational assistance package severely diluted by inflation and the rising cost of an education. In 1985, Congressman "Sonny" Montgomery (MS) introduced and Congress enacted The All-Volunteer Force Educational Assistance Program, better known by veterans as the Montgomery GI Bill (MGIB), which restored some of the buying power of veterans educational assistance. Congress also enacted legislation to provide two increases in the amount of educational assistance veterans receive, as well as a cost-of-living-allowance (COLA). Unfortunately, Congress later reduced the COLA due to budgetary constraints.

The current educational plan for active duty personnel reduces a young recruit's pay by $100 a month for the first twelve months of active service. Recruits must decide whether to participate in the program during the first week of active service or "opt out." Unfortunately, recruits who decide to "opt out" of the Montgomery GI Bill cannot join at a later date unless they are involuntarily separated. The American Legion believes that military personnel should be allowed to join the program at any time during their military career. This would allow young recruits who are married and have dependents the opportunity to have their pay reduced at a later date, when they have received a promotion or a reenlistment bonus and are better financially situated to absorb a salary reduction.

The original GI Bill which once covered 100 percent of educational costs now only meets about 37 percent of the annual cost of an undergraduate education at public institutions and only 25 percent at private institutions. Each year the average annual cost of an undergraduate education increases by 5.9 percent. Because of the high costs of an education and the continuing decline in the lack of purchasing power of the Montgomery GI Bill, approximately 62 percent of the veterans who are eligible to receive GI Bill assistance have not used their benefits.

Current educational benefits are also limited. Veterans enrolled in the program who are full time students receive a fixed benefit of only $400 a month for just 36 months. Unlike other federal educational programs, the MGIB cannot be used to repay existing educational loans. Veterans who decide not to attend school within ten years from separation forfeit their entire $1200 salary reduction. The American Legion believes veterans should be allowed to receive a tax credit for the unused portion of

their cash contribution. The American Legion also supports allowing veterans to use monthly benefits to repay existing educational loans.

The American Legion also believes that the existing program should be improved by expanding the time period veterans can contribute from the current 12 months up to 48 months. This improvement would allow veterans the flexibility to tailor a program that will provide adequate educational assistance for a one or two year vocational school or a four year university, depending on their educational goals. If the current 12 to 1 ratio were maintained, veterans who selected to participate for 1 year would receive $1200 a month for 12 months in educational assistance. Veterans who selected to participate for 4 years would receive $1200 a month for 48 months in educational assistance.

Improvements to the MGIB would also assist the Department of Defense (DoD) in their declining recruiting efforts. Last year, DoD reported that the propensity to enlist in the armed forces was down considerably and expected to continue in a downward trend. Many young adults considering military service now question whether a $1200 salary reduction, the rigors of military life and frequent deployments to hostile environments are worth the limited benefits they may never use; especially since other federal programs provide equitable benefits, require no "up front" cash contribution and very little personal commitment.

Currently, pay for National Guard and Reserve personnel is not reduced for the MGIB, and the educational assistance provided to them is grossly inadequate. Improvements to the MGIB should also permit Reserve and National Guard personnel to invest in the program and receive an educational assistance package that is more equitable with the active duty program. Since the National Guard and Reserves have become much more significant in national defense preparedness, these components should also receive improved benefits. Many Persian Gulf War veterans are not eligible to receive educational assistance unless it is through vocational rehabilitation because their enlistment contract did not meet MGIB criteria.

When the original GI Bill was introduced in Congress, many members feared the program's cost would bankrupt the country. Today we face tight budget constraints and similar concerns about the cost of an improved educational program for veterans. As history has demonstrated, the dollars spent on educating America's veterans has been returned to the government tenfold. Veterans who are trained and educated make more money, spend more money and pay more in taxes.

Improvements to the Montgomery GI Bill would be a wise investment in America's future. Young men and women considering military service are willing to invest more money to earn an education, Congress should provide them with that opportunity.

RECOGNITION OF TRAINING PROVIDED BY THE ARMED FORCES

Many individuals who enlist in the armed forces are afforded the opportunity to attend some of the finest technical training schools in the world, learning skills in trades and occupations which are readily adaptable and transferable to occupations in civilian society (ie., Emergency Medical Technicians, Carpenters, Air Traffic Controllers, Air Frame Mechanics, Turbine Engine Mechanics, Electricians...etc.). Unfortunately for many personnel leaving the military, their skills and experience go largely unrecognized by the certification and licensing authorities in Federal, State and local governments, and trade unions. Currently, many veterans trained in military specialty schools must enroll and complete training recognized by a licensing authority, even though they are technically qualified

for employment and have been performing in that capacity while in the military.

The American Legion would like to recommend that licensing authorities recognize formal training received by members of the armed forces as legitimate qualifications for entrance into those professions which require certification or licensing. This proposal would result in a reduction of redundant training and stop unnecessary additional educational costs.

USE OF MULTIMEDIA PROGRAMS AND SOFTWARE

Today, more and more educators and the public have access to and the use of inexpensive multimedia software programs on CD-ROM. These programs can list lengthy, detailed information not always available in the bulky, once standard paper format.

A software program listing all Federal and State Government financial aid sources, private scholarships, colleges, vocational schools, Servicemember Opportunity Colleges, CLEP...etc., would certainly be of assistance to a former servicemember who wants to continue his or her education, but does not know how or where to find ways of supplementing GI Bill benefits. Access to this type of information could be provided to a former servicemember upon discharge or as soon as he/she applies for educational assistance or upon request.

Mr. Chairman, during this period of budget cuts and fiscal austerity we have strong concerns about a budget which has caused the VA Health Professional Scholarship Program to virtually disappear. VA's Health Professional Scholarship Program allows students who are in their final year of an associates degree in nursing or specific therapy programs to receive educational assistance from VA to continue their education and receive a higher degree. In return, students are required to work for VA for several years. Although this program is open to non-veterans, numerous veterans have benefited from this program.

The American Legion's commitment and involvement to education remains strong. For the past 45 years The American Legion has published Need A Lift?, a detailed and informative college financial aid handbook for graduate and undergraduate students, including former servicemembers. The publication is distributed to high school and universities across the country and is readily available in libraries and guidance counselors offices. A copy of Need a Lift? is also available directly from The American Legion's National Headquarters.

In conclusion, The American Legion will continue to be a strong supporter of veterans educational assistance programs. Improvements to the Montgomery GI Bill, requiring federal, state and local governments to recognize formal military training, educating veterans on sources of financial aid and Congressional support for the VA Health Scholarship Program for VA nurses would provide many additional veterans access to the advantages of an advanced education.

Mr. Chairman, this concludes our testimony.

STATEMENT OF

BOB MANHAN, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING, EMPLOYMENT AND HOUSING
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

ALL VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

WASHINGTON, DC MARCH 7, 1996

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for inviting the Veterans of Foreign Wars of the United States (VFW) to participate in this very important hearing. The VFW will limit testimony to the effectiveness of the Department of Defense administered (DoD) educational program called the Montgomery GI Bill (MGIB). It is cited as a Department of Veterans Affairs (VA) program in Chapter 30, title 38, United States Code (USC). The VFW no longer supports the shared contributory philosophy of the MGIB; DoD's use of it as a veteran's benefit nor the present degree of VA involvement or lack of involvement in this program. All comments are offered from the veteran's, the user, point-of-view.

During the week of August 18-25, 1995, at the VFW's 96th National Convention, the voting delegates of our 2.1 million members approved Resolution No. 628, titled "*Non-Contributory GI Bill.*" A copy of our policy statement is attached as part of this testimony. The VFW determined that it is very unfair to ask any service recruit to contribute almost 13 percent of his monthly pay to an educational program available some four or more years in the future. The money issue is very important when we recall that DoD's Eighth Quadrennial Review of Military Compensation, a panel created by President Clinton to craft a pay system for the 21st century, is presently meeting. This panel is faced with solving the controversial "pay gap" issue. This is the disparity between military and private sector salaries which grows wider every year because of the formula used to set military raises. These past several years have seen the active duty pay raises repeatedly set at something less than the rate of inflation. Today, the pay gap stands at almost 13 percent and will grow to almost 14 percent in 1997. This educational contributory requirement of $100 per month for each month for a 12 month period of time is not fair in the sense that the service member loses his $1,200 contribution, for all

practical purposes, unless he uses his full educational entitlement. Said another way, why shouldn't there be a total refund policy based on an individual's personal needs or desires as they change from age 17 or 18 to the more mature age of, say, 22 or 23?

The most serious criticism of MGIB, in our opinion, is the fact that approximately only "46 percent of separated members having used some portion of their MGIB benefits (compared with 40 percent as of June 30, 1991)." This quote is from page 4 of DoD's Biennial Report To Congress On The Montgomery G I Bill Education Benefits Program dated April 1994. Unfortunately, this report gives absolutely no figures for those who may have received their college degree from the program.

Please recall that MGIB became law in 1984. This same DoD report confirms what we already know regarding how much education $14,400 buys at your average college or university today. The sad reality is that the proportion of defrayed education costs have decreased, for active duty veterans, from paying 49 percent for tuition/fee costs to 36 percent by 1991. We believe this percent will have deteriorated at least another 10 percent by the 1997 academic year. Based upon the above facts, the VFW believes we have made the case that MGIB should no longer be a contributory "benefit" program.

The reasons we do not support the present philosophy of having DoD administer the MGIB is that by definition DoD is not in the business of veterans benefits or entitlements. Their business is to project military power around the world, when required by national policy. DoD must ensure that the uniformed services has the people and material to fly planes, sail ships, and deploy ground maneuvering units. The VFW is delighted the MGIB is the best recruitment tool" that DoD has today. An additional quote from the September 28, 1995, letter to Chairman Stump, of the Committee on Veterans Affairs, signed by the Chairman of the Joint Chiefs of Staff, his Vice Chairman, and all four service chiefs -- for a total of 24 stars -- says: "Studies have shown one of the primary reasons young men and women enter the military is to further their education (94% enrollment rate; 2 million total active duty enrollment)."

What disturbs the VFW are the following facts. First, recruits are automatically (emphasis added) enrolled upon entering active duty. Service members are briefed on the MGIB within the first two weeks of active duty and must formally decline enrollment if they so desire.

Second, if this is such a great program, why don't more than the 40 to 50 percent who have paid $1,200 use the program? What has DoD done with all the unused dollars deposited from June 1985 to date?

Third, why should DoD be talking about an entitlement program that, in fact, they do not execute or have any responsibility for? This is particularly true today as the Army is reducing its active duty strengths by about 30 percent or from 770,000 soldiers in 1989 to just over 500,000 at the end of FY 1994 -- i.e., September 1995.

Fourth, at the time of separation from active duty, our soldiers, sailors, and airmen process through respective transition assistance programs (TAP). DoD plays no part in addressing, discussing, or counseling on the requirements of Chapter 30, title 38. Based on these facts, the VFW rests its case as to why DoD should be out of the education benefit/entitlement business.

Our last issue revolves around why the MGIB or a better version of it should be wholly executed as a veterans' entitlement. Our entire argument, for simplicity's sake, revolves around section 3014 of Chapter 30. It says "The Secretary [of Department of Veterans Affairs] shall pay to each individual entitled to basic educational assistance who is pursuing an approved program of education, a basic educational assistance allowance to help meet, in part, the expenses of such individual's subsistence, tuition, fees, supplies, books, equipment, and other educational costs."

At the present time neither DoD nor VA seems to know just who will attempt to use the MGIB, when, and where? We cite the fact that today in VA's four "Regional Education Centers" there is a backlog of 30,500 education claims. This means there are at least 30,500 unhappy, frustrated, top-notch prior service members. These figures are as recent as a VA report dated October 13, 1995. Veterans probably blame VA for their lack of information/assistance on how to initially enter the real world of higher education. These Regional Processing Offices are located in Atlanta, Georgia; Muskogee, Oklahoma; Saint Louis, Missouri; and Buffalo, New York. We feel safe in saying there are numerous additional educational claims problems in the pipeline. This situation will continue until one department takes full responsibility for the college education program from start to finish.

Other sections of Chapter 30 cite the requirement that those who participate in MGIB must receive an Honorable Discharge lest they lose this education entitlement, including their own $1,200. Why place a higher standard on educational need/assistance than on health care, home loans, disability compensation, pensions, life insurance, or burial benefits? All these other benefits can be obtained with a discharge Under Honorable Conditions.

The major point favoring a VA educational entitlement, much like the World War II GI Bill, is that VA has the expertise, the staff, and the nationwide facilities to better

assist the veteran to enter a college or university in any geographic region and act as a "hand-holder" whenever necessary during those four academic years it will usually take to obtain a baccalaureate degree.

In summary, the VFW did support the 1985 philosophy of the MGIB. We believed it was only equitable to have a member of the All Volunteer Force contribute to the cost of a college education as opposed to having the government pay for it as was done for the mostly conscripted armed forces of the 1940s. Today, however, after a decade of living with the MGIB, the VFW believes it would actually be more effective to have the federal government fund a college education program as a VA entitlement. We believe this is the equitable and proper thing to do because the armed forces have a relatively small personnel base. These people are clearly making sacrifices with frequent deployments, moving periodically for new assignments and doing so with a salary that is eroding, often living on or off post in inadequate housing and lower grade enlisted people often supplementing incomes with welfare entitlements in the form of food stamps, and waiting in longer lines to receive dependent health care in military treatment facilities. Certainly the military quality of life issues are more familiar to the House Committee on National Security than they are to the Committee on Veterans Affairs. However, it is only this committee that can take the necessary action to draft new legislation to establish a non-contributory Education GI Bill to be administered solely by VA.

Thank you, Mr. Chairman. I am prepared to answer any questions you and other committee members may have.

Resolution No. 628

NON-CONTRIBUTORY GI BILL

WHEREAS, since the end of World War II, Veterans of the United States have been offered the opportunity to participate and complete educational programs and training under a Non-Contributory GI Bill; and

WHEREAS, this benefited millions of veterans who otherwise would not have been able to afford higher education; and

WHEREAS, until the 1980's veterans were given educational and training benefits without having to pay a contributory fee; and

WHEREAS, due to the change in the GI Gill under the Montgomery GI Bill or the Veterans Education Assistance Program (VEAP), veterans are required to contribute $1,200.00 per year at the sum of $100.00 per month; and

WHEREAS, new service members are unprepared to undertake a high financial obligation to secure educational benefits due to a relatively low starting wage; and

WHEREAS, a high number of new service members entered active duty with dependents; and

WHEREAS, a reduction in monthly salary of $100.00 per month for 1 year provides an unacceptable level of financial support for their dependents; now, therefore

BE IT RESOLVED, by the Veterans of Foreign Wars of the United States, that we petition Congress to hereby support a plan for a Non-Contributory GI Bill.

Adopted by the 96th National Convention of the Veterans of Foreign Wars of the United States held in Phoenix, Arizona, August 18-25, 1995.

DoD responses to Pre-Hearing questions from Chairman Buyer
For the Department of Defense Montgomery GI Bill Hearing
March 7, 1996
Subcommittee on Education, Training, Employment and Housing
House Committee on Veterans' Affairs

1. College tuition today is rising considerably faster than the Consumer Price Index, averaging some 7-8 percent annually. Though it appears that the military services are meeting recruitment goals, there is some concern that current trends may undermine our efforts to continue this success.

Question:
What are the challenges to the recruitment value of the Montgomery GI Bill in view of today's rising tuition costs?

Answer:
With recent recruiting successes, current basic benefits appear to be adequate as an enlistment incentive. However, if college costs, especially tuition and fees, continue to rise significantly above inflation, the offset provided by the Montgomery GI Bill benefits will require close monitoring to keep the program competitive. Recognizing the austere resource climate, we welcome the opportunity to work with your Subcommittee to seek innovative ways to keep the existing MGIB stipend at satisfactory levels both to attract new recruits and to help pay for a college education.

The Department's extensive in-service educational programs allow many Service members to separate with a portion of their four-year college program completed via either traditional programs such as tuition assistance and non-traditional programs such as college placement testing. Therefore, many veterans are afforded an opportunity to leave service not needing the total 36 months of MGIB benefits to complete a four-year degree.

2. Currently, officers commissioned after having received an ROTC scholarship are not eligible to participate in the MGIB program upon entering active duty. There is now an understanding that a large number of ROTC scholarships no longer meet the full tuition and fee requirements at most colleges. This was not the case when the current statutes were first written, and such scholarships were fully adequate to meet the needs of ROTC candidates.

Question:
Should there be a consideration to allow these recipients of low dollar value ROTC scholarships to become eligible for the MGIB? How will such consideration aid DoD in recruitment of future officers through the ROTC program?

Answer:

We are currently studying this proposal within the Department. Once we have formulated a position we will coordinate details with the Office of Management and Budget, and then advise the Subcommittee.

3. Under the Computer Matching Act, computer matches determine eligibility for government programs. Such programs must be approved every three years. The approval process is time-consuming and any lapse in such authorization would require VA to resort to obtaining the necessary information through other means, lengthening process time for original claims.

Question:

Does DoD foresee any adverse consequences if such computer matching for VA education programs is made permanent?

Answer:

Data exchanges, such as the one between the Defense Manpower Data Center and Department of Veterans' Affairs are regulated by the various provisions of the Privacy Act of 1974, including subsequent amendments dealing with computer matching. There is a significant administrative burden associated with the need to frequently renegotiate Matching Agreements between and among agencies for programs which are long-term and continuing. Increasing the life of a Matching Agreement from 18 months with one 12-month renewal to perhaps a number of 12-month renewals would significantly decrease administrative burden for this and other similar programs.

Follow-up Questions
Chairman Steve Buyer
MGIB Education Hearing of
March 7, 1996
Lt. Gen. Samuel E. Ebbesen, USA
Deputy Assistant Secretary of Defense
Military Personnel Policy

Question 1: During questioning at the hearing, I asked about the multiple education services within DoD and inquired as to whether there was a move to consolidate such services. You indicated that there was such a move underway.

A) How would the Department re-organize such services to insure quality programs for each of the military services?

Answer 1: Actually, there has been a concerted effort recently by Ms. Carolyn Becraft, Deputy Assistant Secretary of Defense (Personnel Support, Families and Education), to centralize DoD policy and oversight of the off-duty voluntary education program for military personnel. She has reorganized her office to make proponency for this important program more visible and has made voluntary education one of her top priorities for the year. She has drafted a revision to DoD Directive 1322.8, which is the governing Directive for off-duty voluntary education programs and is currently staffing it within the Department. A number of other initiatives are in the planning stage to reinvent the way this program operates in order to provide more uniformity and efficiency. For example, currently military Services provide tuition assistance reimbursement at different rates. One of the major changes which will be under review by the Department with the draft Directive would require the Services to adopt a standardized rate by 1999. This time frame is intended to provide the Services time to make necessary budget adjustments to support the new policy.

Question 2: The current work the Department is doing with the Servicemembers Opportunity College (SOC) is admirable and effective. However, the network as you described has only 120 colleges and universities.

A) How can the Department do more to widen this important constituency of schools for servicemembers?

B) How can the SOC program be replicated to include an administrative component to service veterans, and where would that authority rest?

Answer 2: A) There are, in fact, currently 1,175 colleges and universities in the Servicemembers Opportunity Colleges (SOC) consortium. These institutions agree to a general set of Principles and Criteria that encourage flexible policies regarding residency, granting of credit for military experience and testing, transfer of academic credit, etc. This broad constituency has kept the military on the leading edge of adult education for a quarter of a century, and DoD continues to make progress at getting recognition in academe for the learning that takes place while citizens serve on active duty in the military. SOC has been the primary instrument in a very effective DOD-Higher Education partnership principally aimed at promoting voluntary postsecondary education for active duty enlisted servicemembers. About 120 of the 1,175 institutions in SOC participate in Service specific degree networks associated more directly with the education of active duty servicemembers on active duty military installations. These institutions agree to a more rigorous set of rules and procedures that result in tightly managed curriculums. Each college reviews and agrees in advance to accept the courses of other colleges in a network. They agree to serve as "home colleges," issue Student Agreements or "contracts for degrees," and accept credits from other sites and sources until the degree is completed. Non-traditional options are integrated where appropriate. This is a complex, highly effective system that has evolved over the years and has been carefully vetted for the most viable institutions. Given that these networks are focused upon the active duty establishment, the level of college participation is quite sufficient. (Incidentally, a "contract for degree" issued while on active duty can be completed as a veteran. These 120 institutions are committed to accepting fulfillment for degree requirements from regionally accredited civilian colleges where the veteran settles.)

B) A way to focus the kind of attention and benefits that active duty servicemembers enjoy as veterans is to establish a specific veterans' program in a similar way

that SOC established the active duty Consortium: (1) institute a broad organization that promotes, and enforces, recognition of what the veteran knows and integration of that learning into academic programs; and (2) begin to work toward specific degree programs coordinated between institutions that make sense for the Nation and for veterans (such as in law enforcement, teaching, and nursing).

Question 3: The use of tuition assistance (TA) is of great importance if the educational goals of many veterans and service members are to be approached.

A) Please provide the details of the tuition assistance program for each of the services, to include information on the breakdown of ranks and, where possible, occupational specialties of the military member using the TA program.

B) The Marsh Commission made some specific recommendations for TA. Please inform me as to how DoD will implement the recommendations.

Answer 3: A) The details of the Service tuition assistance programs are contained in the following chart. (Data by occupational specialities are not available.)

	Army	Navy	Air Force	Marine Corps
Purpose	Support leader self-development. Tied to retaining quality members and enhancing career progression and returning soldiers to civilian careers.	Support recruitment and retention of quality personnel, provide for continuing personal growth, and give sailors more career options.	Supports professional development, recruitment, and retention.	Supports professional development, recruitment, and retention.
TA Levels	High School: Fully funded. Lower Level: Up to 75% NTE $60 per SH. Upper Level: Up to 75% NTE $85 per SH. Graduate: Up to 75% NTE $170 per SH. Vo-Tech: Up to 75% NTE $750/FY.	High School: Fully funded. Undergraduate: 75% of Max. of $125 per credit NTE $285 per course. Graduate: 75% of max. $175 per credit NTE $395 per course. Vo-Tech: Up to 75% NTE $1300/FY.	High School: Fully funded. Undergraduate and Graduate: 75% of $250 per semester hour. No TA for degrees at or below degree level already held, except if lateral degree is job related. Vo-Tech: Up to 75% NTE $187.50/S.H. No TA support of PhD unless job related.	High School: Fully funded. Undergraduate: 75% not to exceed $2500 per FY. Graduate: 75% not to exceed $3,500 per FY. Voc/Tech: 75% not to exceed $1300 per FY or 21 semester hours, whichever comes first.

	Army	Navy	Air Force	Marine Corps
Limit on number of credits or contact hours for undergraduate and graduate study.	Limited to maximum of 15 semester hours per fiscal year. Commanders may augment with local funds.	No limit.	Maximum 15 contact hours per week.	No limit.
Officer obligation	2-year obligation.	2-year obligation.	2-year obligation.	2-year obligation.
Enlisted obligation	None.	None.	None.	None.
TA use by rank (officer)	13,648	3,637	17,594	1,617
TA use by rank (enlisted)	146,844	38,255	84,211	16,712

B) The Marsh Commission recommended that the rates for tuition assistance programs be standardized within the Department and that differences in program operations not produce inequities in reimbursement provided to military members. The Commission also encouraged DoD to make use of distance learning programs and support associate degree programs that grant credit for military training. I have addressed the issue of standardized tuition assistance in my first answer. The Department is pursuing a revision of DoD Directive 1322.8 that will resolve the discordant tuition assistance reimbursement policies that currently exist. Ms. Becraft's staff is presently coordinating the development of a distance learning plan, with a host of other DoD staff elements as well as the military Services and the private sector. The issue of resources will undoubtedly be a primary consideration. Finally, we continue to support accredited programs that grant credit for military training primarily through the Servicemembers Opportunity College (SOC) and the military Services.

Question 4: A veteran's education begins while the member is still on active duty and DoD's spending on voluntary education is an integral part of a veterans educational program.

A) How much voluntary education funds were appropriated in FY 1995 for each service?

B) What are the various program categories funded within each service's voluntary education program?

C) What was the execution rate for each of the services?

D) Have any voluntary education funds, or any educational money, been used by the Department for any reason other than education?

Answer 4: The following chart responds to question 4:

	Army	Navy	Air Force	Marine Corps
A. FY 95 appropriation	$110.6M	$61.8M	$63.1M	$11.1M
FY 95 execution	$85.3M	$60.5M	$86.5	$14.4M

	Army	Navy	Air Force	Marine Corps

B. Program categories.	• Tuition Assistance • Personnel • Functional Skills • Academic Testing • Learning Centers • Personnel Testing • Headstart Language	• Tuition Assistance • Navy Campus • PACE • Functional Skills • DANTES • VEAP	• Tuition Assistance • Counseling • Testing Services • Personnel • Basic Skills • Admin.	• Tuition Assistance • Personnel • Salary(Contract) • TDY • SOCMAR • Satellite Education • VEAP
C. Execution rate	77 percent	98 percent	137 percent	130 percent
D. Use of funds for other than education?	No	No	No	No

Question 5: Will there be limits on the number of credits any servicemember may earn annually using TA funding?

Answer 5: The intent of the revised DoD Directive 1322.8 currently under consideration is to provide servicemembers with more flexibility and personal choice regarding the number of courses they may take and from what schools they may take them, while at the same time retaining for program managers the ability to plan and budget if the proposed policy is accepted. The number of credits a servicemember would be able take per year would be limited only by the dollar per servicemember limit and the cost of credits the servicemember chooses to take.

Question 6: It's my understanding that TA's time obligation applies only to the officer corps.

A) Please provide information on the TA waivers requested for release of service obligation for officers, and how such waivers are granted for each of the services.

B) What are the obligations of the service member, by service, when TA is used?

C) Are the service members eligible to use TA within six months of leaving service?

Answer 6: A) Army: No waivers requested. Officer Branch of U.S. Total Army Personnel Command has authority to offer option to repay TA, otherwise obligation is expected to be met.

Navy: 62 waivers were granted and 60 repaid their TA. Waivers granted to those separated involuntarily.

Air Force: None reported. Generally, no waiver from the 2-year obligation; however, if officers are allowed to separate, they must reimburse prorated share.

Marine Corps: None reported. Waiver available only for those officers released involuntarily with reimbursement for TA.

B) By law (10 USC Section 2007), all officers of the Armed Forces incur a 2-year service obligation if they use TA.

C) Yes, TA is available while servicemembers are on active duty, which includes the last six months.

Question 7: During the hearing, Mr. Hutchinson asked for background on those who use TA extensively and those who go on to use the GI Bill.

A) What percentage of those who use TA go on to use the GI Bill after separation?

Answer 7: A) A 1988 study of the DoD Tuition Assistance Program conducted by the Defense Manpower Data Center found that tuition assistance participation rates tend to increase with the level of education of the servicemember. Extrapolating that finding would suggest that those who use the tuition assistance program to the maximum are the ones who would be most likely to use additional MGIB benefits to the maximum. Any definitive answer would involve an extensive study conducted in concert with the DVA.

Question 8: During your testimony, you stated that the actuaries indicate that the current funds for the GI Bill are at present sufficient.

A) Have any of these funds been used for any reason other than for MGIB education benefits?

Answer 8: No, none of these funds have been used for other than MGIB education benefits.

Question 9: How has the Department responded to the Military Installation Voluntary Education Review (MIVER) reports?

A) What Departmental element ensures that suggestions of the MIVER team are complied with?

Answer 9: Review of MIVER reports on installation visits conducted over a 4-year period showed some recurring themes. These patterns have been evaluated, developed into two sets of principles of good practice, and published under the following titles: Principles of Good Practice for Voluntary Education Programs on Military Installations, and Principles of Good Practice for Institutions Providing Voluntary Education Programs on Military Installations. The Department has distributed these publications to all installations and appropriate institutions. The documents discuss 12 principles for installations and 10 principles for institutions and now serve as a guide to the components that represents a high quality education program for servicemembers.

A) The local installation commander is the key to successful implementation of MIVER recommendations. After each review, an exit briefing is conducted with the installation commander to indicate initial findings. A copy of the final written report is sent directly to the installation commander, as well as to the appropriate Service headquarters. The Services have various procedures for reporting status and progress in implementing MIVER.

Question 10: In the end-of-year report 1995, the MIVER team identified two installations where they "sensed that the installation command and the supervisory military staff did not support DoD Directive 1322.8 and the military service implementing regulations."

A) Have these shortcomings been addressed and resolved?

B) What were the steps taken?

Answer 10: A) Concerns and recommendations reported after a MIVER visit are addressed by the responsible Service very soon after the report of findings is published and distributed by the contractor. The problems at two installations which were referenced in the 1995 end-of-year report have been addressed and are in the process of being resolved. The major command with responsibility for the two installations concerned is working closely with the garrison commanders to resolve various issues of concern.

B) The following are some of the specific steps taken:

1. The Director of the Army Continuing Education System (ACES) personally visited one of the installations and is scheduled to visit the other one to personally assess the situations and make recommendations for corrective action.
2. The testing programs at the two installations have been closed and will be reopened only after corrective actions are completed.
3. The Director of ACES has met with and briefed the two garrison commanders about the voluntary education program and its importance to both servicemembers and the Army.

Question 11: "Over the past five years, MIVER teams found the necessary level of counseling services not available on many installations to include preseparation counseling..." says the 1995 MIVER report.

A) Have these deficiencies been resolved?

B) Has DoD reviewed and implemented any of the MIVER suggestions for counseling services outlined in the 1995 report?

Answer 11: A) Not completely, although preseparation counseling is routinely provided and is not a problem. The ratio of education counselors to personnel served varies considerably among the Services. Resources are scarce and although the Services are attempting to fund additional positions, it is a matter of limited assets. For example, the Marine Corps ratio is 1 counselor to 7,700 servicemembers. To lower that ratio to 1 counselor for each 2,000 servicemembers would require the hiring of 66 counselors. The problems in this regard are not easily resolved. However, other suggestions in the report have been more easily addressed. We have been providing more opportunities for counselors and institutional representatives to address student needs, and we have also made considerable progress toward providing education centers with computer equipment to both automate more of the information management function and to provide for greater information exchange and internet access.

B) As indicated above, suggestions made in the 1995 end-of-year report are being reviewed and decisions regarding those suggestions have yet to be made. However, the Army has initiated a project to evaluate the feasibility of providing counseling services through contracting. Their project will provide contracted counseling services at certain sites beginning in FY 1997. The identified sites are: Fort Rucker, Alabama; Dugway Proving Ground, Utah; Selfridge Army Depot, Michigan; Fort Carson, Colorado; and a site in Eighth U.S. Army (Korea).

Question 12: What are DoD's educational goals? How does DoD determine that educational goals are being met at the lowest unit level?

Answer 12: DoD's primary goal for its off-duty, voluntary education program is to provide servicemembers with high-quality educational opportunities that are equivalent to those available to citizens outside the military, to include opportunities to earn diplomas, certificates, and degrees from fully accredited institutions. Programs are intended to provide for the academic, technical, and intellectual development of servicemembers, and to improve opportunities for professional advancement and personal growth. The DoD determines how well its goals are being met by contracting with the American Council on Education to conduct independent, third-party reviews of the voluntary education program at military installations around the world.

Question 13: Should DoD education services, including counseling, financial aid guidance, and other educational services be contracted out?

Answer 13: DoD, in conjunction with the military Services, is exploring the feasibility of contracting for counseling services and may establish some pilot sites in the future. Many elements of the voluntary education program are presently contracted services. Servicemembers Opportunity Colleges, referred to earlier, is a contractual arrangement. Most of our testing program is accomplished by contracts with various providers. Educational programs for sailors afloat are provided by a contractor.

Follow-up Questions
Honorable G.V. (Sonny) Montgomery
Lt. Gen. Samuel E. Ebbesen, USA
March 7, 1996, Hearing

Question 14: A 1983 GAO report translated the mental categories into reading grade-level equivalents. For example, GAO said that an individual in Mental Category I reads on a grade-level of 12.5 and above. A Category IIIA recruit reads on grade-levels 8.8-10. A Category IV individual reads on a fifth to seventh grade level.

Are these designations still correct? If, not what are the equivalents that would be meaningful to us and illustrate the meanings of the mental categories?

Answer 14: Aptitude categories are based on percentile scores from the Armed Forces Qualification Test. The AFQT is made up of math and verbal subtests and determines enlistment eligibility. The table below compares the aptitude categories to common equivalents.

Category	Percentile	Reading Grade Level	IQ Scores	SAT Scores
I	93-99	College Level	122 and above	1100
II	65-92	12	106 - 121	800
IIIA	50-64	11	100 - 105	700
IIIB	31-49	9	93 - 99	600
IV	10-30	7	81 - 92	500
V	1-9	-	80 and below	

The law prohibits enlisting individuals with scores in Category V and Category IV non-graduates. Scores apply to the distribution of the entire youth population.

Question 15: You note in your testimony that enlistees are fully briefed on the Montgomery GI Bill at the Military Entrance Processing Centers. Don't recruiters discuss the MGIB with potential recruits and their parents? Does the emphasis recruiters give the MGIB vary by Service?

Answer 15: Yes, recruiters do use the MGIB as a recruiting incentive. In fact, recruiters from all Services have stated that the MGIB is their most effective recruiting incentive. Given the fact that Service enrollment rates are all at about 95 percent, I believe that each Service is giving the maximum emphasis to the MGIB in the recruitment process.

Question 16: You say in your statement that the current basic benefit is adequate as an enlistment incentive. I believe that the basic benefit level is clearly inadequate as a readjustment benefit. I do want to mention, though, that the "kickers" are available to all the Services to assist in recruitment.

Would you update us on the current structure and use of the Army, Navy, and Marine Corps College Funds? What percentage of recruits, by Service, received a kicker in Fiscal Year 1995? In 1993?

Answer 16: The law allows the Department to approve kicker amounts up to $25,200. Currently, the Army offers ACF kickers of $7,815 for 2-year enlistments, $10,000 for 3-year enlistments, and $15,000 for 4-year enlistments--these amounts when combined with basic Montgomery GI Bill benefits, provide a participant with a minimum of $20,000, $25,000, and $30,000 of educational benefits. The Navy offers kickers at the same amounts as the Army for 3 and 4-year enlistments--the Marine Corps only for 4-year enlistments.

Percentage of Recruits Enlisting With "Kicker"

	FY 1993	FY 1995
Army	27.3%	24.0%
Navy	3.2%	18.3%
Marine Corps	1.3%	3.0%

Question 17: The individuals who teach the classes regarding the GI Bill to new recruits in basic training are tremendously important. Their presentation must be factual and clear. How, by Service, are these individuals chosen and trained?

Answer 17: The process is different in each Service, but all do place appropriate emphasis on this important procedure. With over 95 percent of new recruits enrolling in the MGIB, we believe we must be doing a good job.

At each Army basic training site, one duty position is given the responsibility to give entry-level briefings. The briefer uses an Army-provided video on the MGIB as an instructional aid.

In the Navy, the MGIB briefer is selected based on instructional skills learned at Instructor School (4-week school) and is rotated at 4-6 month intervals. The briefer uses a standard lesson plan developed in the Office of the Chief of Naval Personnel.

Air Force MGIB lessons are taught by certified academic instructors at basic training. A standard Air Force lesson plan is used for each briefing.

Marine Corps MGIB briefers are selected from the administrative staff at basic training and are formally trained in the presentation. The classes are presented from a formal, approved lesson plan.

As a project of the DoD MGIB Working Group, we are producing a new video to be used at all enrollment points in support of this important task.

Question 18: For several years, we were concerned because the definition of the phrase "discharged for the convenience of the government" differed from Service to Service. Consequently, individuals discharged for a particular reason in one Service could maintain GI Bill eligibility because their discharge would be characterized as "for the convenience of the government." The same issue, however, might not rate the same discharge characterization in another Service -- and GI Bill eligibility would be lost.

Was action finally taken to establish a uniform definition for "discharge for the convenience of the government?"

Answer 18: Yes, the Separation Designator Codes (SPD) used by the Department were standardized across all Services in FY 1994. MGIB eligibility for veterans is determined by a mapping of SPD code to MGIB loss reason at DMDC. This mapping has been consistent for all Services since April 1995.

Question 19: On a scale of 1 to 10, 10 being the most important, where would you put the Montgomery GI Bill as a recruitment incentive?

Answer 19: The MGIB is definitely a **"10"**. As stated in the September "24-Star" letter to the Chairmen of the Senate and House Committees on Veterans' Affairs, "We remain committed to maintaining quality personnel, and recruiters from all Services have stated the MGIB is the best recruitment tool they have."

Follow-up Questions
Chairman Steve Buyer
MGIB Education Hearing of
March 7, 1996
Hon. Al Bemis
Deputy Assistant Secretary of Defense
Manpower & Reserve Affairs

Question 20: During the hearing, we received testimony from a Marine Corps Reservist attending the Prince George's Community College. In the processing of paperwork ensuring eligibility, he was denied benefits, seemingly because his unit failed to submit the correct paperwork.

A) What is the basic process for a Chapter 1606 beneficiary to receive educational assistance?
B) What are the process failure points?
C) How can that flow be improved to increase speed and accuracy?

Answer 20: A) When a Service member meets all eligibility requirements for entitlement to benefits, the member's unit submits the eligibility status through the Reserve Component Common Personnel Data System (RCCPDS) to the Defense Manpower Data Center (DMDC). DMDC then transmits the eligibility to the Department of Veteran's Affairs (DVA). Once on the DVA system, the member's claims for benefits are processed and the DVA begins sending checks to the member.

B) The primary difficulty in establishing initial eligibility is the time it takes to collect, process and transmit the necessary data. When a member's initial eligibility status reaches DMDC, up to 107 days may have passed since the member was initially entitled to benefits. This period incorporates time for arrival at the unit and inprocessing, forwarding the transaction to the necessary location for input into RCCPDS, and meeting required transaction submission cut-off dates for the Service's monthly submissions to DMDC. Another 7 to 10 days will have passed while the data is processed at DMDC and transmitted to the DVA and their field offices. At this point, even with no errors or out-of-the-ordinary delays, 114 to 117 days may have passed since the member actually became entitled to MGIB-Selected Reserve benefits. An error will significantly delay benefit payments, especially if it is not recognized until the Service member complains.

C) We have an initiative underway for transmitting data from the Services to DMDC electronically on a weekly basis. The Air Force is the executive agent for this program. They will begin internal testing in July 1996 and plan to begin their first weekly submission to DMDC in August 1996. They anticipate full Air Force implementation October 1, 1996. Under the new initiative, transfer of information will occur weekly and electronically instead of being mailed on a tape once a month as it is done presently. DMDC is also planning systems upgrades which will enable them to transmit data electronically to the DVA. These improvements should reduce the initial processing time from the typical 114 to 117 days experienced now, down to approximately 70 to 85 days. The Army Reserve is also working on an initiative to provide edits of data that they submit to DMDC. Their transactions will be compared with historical files at DMDC and any errors or differences will be sent back to the Army Reserve for research and correction. As these initiatives are completed and adapted by all of the Reserve components, the increase in the speed and accuracy of data submission will result in a much earlier establishment of MGIB entitlement at the DVA.

Question 21: In initiating the Florida Pilot Program for DANTES and CLEP program, you indicated in your testimony that the Reserve GI Bill wasn't keeping up with the rapid rises in tuition and fees and that the pilot was indicative of one way of stretching resources for the benefit of the program participant.

Does your office have other legislative suggestions similar in nature to the seemingly successful Florida Project that would increase collaterally the value of the education benefit?

Answer 21: Currently we have no suggestions that would require legislative action. We have two groups, consisting of representatives from all seven Reserve components, that meet on a regular basis to discuss the Montgomery GI Bill program and voluntary education programs. The groups are the Montgomery GI Bill-Selected Reserve Program Manager Panel and the Reserve Components Education Panel. It was the Reserve Component Education Panel that developed the idea for the Florida Pilot Testing Program. These panels often include representatives from the Department of Veterans' Affairs, the Defense Activity for Non-Traditional Education Support (DANTES), and other DoD organizations at their meetings. We will inform these panels of your support and your desire to provide necessary assistance in legislative areas.

Follow-up Questions from the
Honorable G.V. (SONNY) Montgomery
Hearing of March 7, 1996 to
Honorable Al Bemis
Deputy Assistant Secretary, Manpower & Reserve Affairs
Department of Defense

Question 22: As you know, the chapter 1606 program has always been more difficult to administer than the chapter 30 program. Problems have certainly been reduced, but we continue to hear of some horror stories.

GAO suggested a few years ago that the implementation of the MGIB-Selected Reserve would be greatly improved if the individuals with GI Bill responsibility in each individual unit were carefully trained. What kind of training are these individuals now receiving? How is the "GI Bill expert" chosen in each unit? Is this individual generally an officer or enlisted?

Answer 22: While the unit commander is ultimately responsible for administration of the Montgomery GI Bill in each unit, the expert in most cases is an enlisted member in the grade of E-6 or above. In some services these experts may be working primarily in personnel or administration while in others their daily duties may center around recruiting and retention. All of the Services include some type of MGIB training for these experts during the formal training programs for their positions. Some small units may have an MGIB-Selected Reserve advisor who is appointed by the unit commander or technician. This advisor may not have received formal MGIB-Selected Reserve training but relies on experts at higher headquarters.

Question 23: If the Montgomery GI Bill were to go away, what would be the effect on the ability of the Selected Reserve to recruit and retain high quality men and women?

Answer 23: All of the Reserve components believe that their recruiting and retention programs would be adversely affected if the Montgomery GI Bill-Selected Reserve program went away. Reservists in the Army, Navy, Marine Corps, Air Force and Coast Guard would be affected much worse than most Army and Air Guard members because the Reservists are not eligible for the various education incentives that States provide their Guard members. Recruiting personnel are very vocal about the importance of this program in helping them to meet their mission of enlisting quality recruits.

Question 24: The components of the Selected Reserve have struggled for years to improve their GI Bill-related computer capabilities. Too often, planned computer upgrades have been postponed because of budget constraints. What is the current status of each service regarding this matter?

Answer 24: We have a current initiative, led by the Air Force, that will result in weekly or daily submissions of data to DMDC electronically. The Air Force plans to begin testing the submissions in August 1996 and anticipates full Air Force implementation by October 1996. All

of the components will be briefed on the Air Force's advancements so that all can begin adaptation to the electronic process.

Question 25: Are there any legislative changes to the chapter 1606 program we should be considering?

Answer: A) We would like to change title 10 so that any money recouped by the Selected Reserve Components from members who failed to participate satisfactorily in the Selected Reserve would be deposited into that component's Education Benefit Fund.

B) If Guard and Reserve members are ordered to active duty for contingency operations and must leave education or training programs in which they are participating, they may not receive credit from the institution for that training period. We would like to propose legislative changes so that when this does happen, Service members will not have those months of benefits charged against their total MGIB-SR entitlement.

C) We would also suggest legislation to extend the 10-year benefit period for members who are ordered to active duty during a contingency operation. The extension should be for the period of active duty plus four months.

Question 26: What percentage of non-prior service accessions enlisted for a term of 6 or more years in 1985? What was that percentage in 1995? Can this increase be attributed to the availability of the Montgomery GI Bill?

Answer 26: In 1985, about 59 percent of the non-prior service accessions entered Reserve service with at least a six-year enlistment. In 1995 more than 98 percent of non-prior service accessions entered with a six-year or greater enlistment. While we believe the Montgomery GI Bill remains the most important incentive for Reserve service, we cannot attribute this as the total factor for increased six-year enlistments.

PRE HEARING QUESTIONS
CONCERNING THE MARCH 7, 1996
OVERSIGHT HEARING ON THE MONTGOMERY G.I. BILL

FOR THE DEPARTMENT OF VETERANS' AFFAIRS
VETERANS BENEFITS ADMINISTRATION

FROM THE HONORABLE STEVE BUYER
CHAIRMAN, SUBCOMMITTEE ON EDUCATION, TRAINING,
EMPLOYMENT AND HOUSING
COMMITTEE ON VETERANS' AFFAIRS

Question 1: As of December 1, 1995, the Atlanta VARO had an estimated 32,000 pending education cases including many Enrollment Certificates for the Fall Semester.

• How is the DVA coping with the Enrollment Certificate backlog nationally, especially in the Atlanta Office?

• What measures are the Department developing to preclude a repetition of this type of backlog?

Answer: As you know, peak work periods in the education programs - such as spring and fall enrollments - are routinely handled with the use of overtime. Due to budgetary constraints, overtime was severely curtailed after October 1, 1995, and we were unable to increase staffing at the four education processing offices. As a result, backlogs were incurred. Pending workload was further impacted by the furloughs in November and December.

The latest continuing resolution funded the Readjustment Benefits Account for the balance of the fiscal year. Therefore, we were in a better position to allocate additional resources to Atlanta and the other offices. Last month we authorized the four education processing offices to add staffing to handle the education program. In addition, overtime has been authorized. The incoming enrollment certifications peaked in mid-February and, with the use of overtime, the workload has declined from 143,595 pending cases on January 12 to 119,177 pending cases on February 23, 1996, a reduction of nearly 25,000.

Nationwide the backlog of education claims has declined by more than ten percent since January. Atlanta's workload has declined by around 25%. These reductions were achieved despite the recent receipt of many enrollment certifications for the spring term.

To assist Atlanta and more evenly distribute the workload between the four stations, in mid-April education processing jurisdictions served by the Atlanta and Buffalo Regional Processing Offices will be realigned. Education processing jurisdiction for the states of Maryland and Virginia and for the District of Columbia will be transferred from Atlanta to Buffalo. With this realignment, the share of nationwide trainees served by the Atlanta Office will decline from 30 percent to 24 percent, while the share served by Buffalo will increase from 16 percent to 22 percent.

This realignment, coupled with staffing increases and the use of overtime will reduce the pending backlog, especially at Atlanta, to respectable levels, and should preclude a repetition next fall. In addition, we are encouraging school officials to use VACERT, the electronic certification system and to certify all veteran enrollments in advance and for the entire school year, if feasible. This will help even out the workload and contribute to more timely processing of education benefits.

Question 2: What measures can the DVA take to streamline the regulatory burden on veterans during the application process and implement measures that can be used to quicken the paperwork process in the education system?

Answer: VA Initiatives to Streamline/Facilitate Claims Processing

• VAOnline. On February 2, 1995, VAOnline, an electronic information system, was installed in conjunction with the Persian Gulf Helpline to provide a wide range of VA benefit information. This information service is available 24 hours a day, 7 days a week to anyone with a PC and a modem through an 800 number or through the Internet. Beginning August 29, 1995, an education payment inquiry capability was added to VAOnline. The pilot effort accepted inquiries from students, school officials or veterans service organization representatives from the state of New York and sent them directly to the Buffalo Regional Processing Office. The Buffalo office established a special team to answer these inquiries. To date they have been able to resolve the majority of inquiries within one day. We expanded the service to Ohio in November and on March 1, 1996, we expanded to Pennsylvania and also began similar operations at our Muskogee Regional Processing Office for our clientele in Oklahoma and Texas. Our plan is to expand this service nationwide as dictated by the availability of sufficient ADP equipment at VAOnline to receive inquiries and at the RPOs to receive and respond to the inquiries promptly.

• VACERT. We developed VACERT, the electronic education certification program to assist school officials in certifying VA students quickly and accurately. The free VA software allows school officials to enter the appropriate enrollment information on their personal computer and to transmit that information to VA. Thanks to another recently developed software package, veterans benefits counselors and claims examiners can determine whenever a veteran's enrollment certification has been received via VACERT, but has not yet been worked. This ability facilitates inquiry processing as well as claims processing.

• SMART System. The Education Service has proposed the development of an expert system to further automate claims processing. This initiative will use the information received through VACERT to build and process award transactions for those claims that have all the required information in the benefit payment system. Claims which are incomplete, or which do not conform to the rules of the expert system will be referred to an adjudicator for action. The present plan for development relies on the use of contract services which, if obtained in Fiscal Year 1997, will enable installation in 1998. When fully implemented, we anticipate that the expert system will automatically process up to 40% of all education claims resulting in a 30% improvement in the average claims processing timeliness and a reduction in the resources required.

• Education 800 Number. The Education Service is developing a separate 800 number for Education inquiries that will direct all calls to the Education Regional Processing Offices. This new 800 number will feature interactive voice service to allow the caller to obtain general education information at any time of the day or night, will provide the ability to leave a voice mail message, and will provide an automated student verification of enrollment capability. It is expected that this telephone initiative will be available on a pilot basis in the summer of 1996. Obtaining the self-verification information over the phone rather than through the mail will provide veterans with faster payment processing. We project that the cost of the telephone service will be more than covered by the cost of printing and mailing the monthly verification forms.

Question 3: There are many concerns about the full use of the education benefits veterans earn. For example, oftentimes a veteran's training requirements can be met in less than the allowable 36 months for training, or the institution to be attended has a significantly higher cost than can be reasonably covered by the current monthly rate of entitlement. In other cases, a veteran may need to use education entitlements to complete an expensive 2-year master's program. This disparate cost and payment ratio seems to pose a problem to veterans wishing to successfully pursue educational goals.

• In the Department's view, how significant of a barrier to completion does this pose for the veteran?

• How might accelerated payments be used to correct this tuition cost/benefit ratio?

Answer: The education benefits we administer will not cover all the veteran's education costs, particularly those associated with attending the more expensive State or private collegiate institutions. Many veterans, therefore, are required to supplement their education benefits from other financial resources. We are unable to gauge the extent to which the GI Bill structure for using monthly entitlement may itself pose a barrier to veterans' achievement of their educational objectives.

Some form of acceleration of education benefits could help certain individuals make more effective use of the GI Bill program to cover the cost of tuition and fees for shorter, high-cost programs. Currently, for example, a veteran who has the maximum 36 months of Montgomery GI Bill entitlement can complete a two-year master's degree program full-time and still have approximately one-half of his or her entitlement remaining. If, however, acceleration of benefits were permitted, this veteran could receive twice as much monthly assistance and, thereby, significantly reduce or eliminate his or her education debt burden.

Depending upon which specific legislative provisions for acceleration of payment were enacted, additional costs might be incurred thus forcing a PAYGO offset.

Response to Follow-up Questions from the
Honorable Steve Buyer, Chairman
and
Honorable G. V. (SONNY) Montgomery, Ranking Member
Subcommittee on Education, Training, Employment and Housing
House of Representatives
Hearing of March 7, 1996, to the Honorable Ray Avent,
Deputy Under Secretary for Benefits, Veterans Benefits Administration

1. Please describe the normal cycle of enrollment, certification, transmission of records and delivery of checks within the VA education system of payments. In this sketch, please delineate the approximate time of month of each step.

Claims Processing Cycle

NOTE: This description applies to supplemental claims. A "supplemental claim" is anything requiring adjudicative action except for an original claim. For example, a notice from a school that a veteran has reenrolled is considered a supplemental claim. (Monthly certifications are not considered supplemental claims.) Original claims take longer to process because of the need to verify eligibility. The description below assumes that a payment is due when the supplemental claim is processed which is not always the case.

Step 1. The school sends a certification of enrollment to VA in the following time frames:

Chapter 30		up to 120 days before classes begin
Chapter 32, 35, 1606		when classes begin
	advance pay	30-120 days before classes begin
	preregistered	up to 60 days before classes begin

NOTE: This step can occur during any business day of a given month.

Time for enrollment information to go from school to VA: 0-5 days

NOTE: If the school uses VACERT, it is a matter of minutes not days.

Step 2. Average VA regional office processing time for supplemental claims (FY 96): 22.5 days

This is measured from the date a claim is received in VA to the date it is adjudicated and an award is finalized.

NOTE: This is substantially higher than for FY 95. The increase can be attributed to the furloughs, lack of overtime, and increased workload at the RPOs.

Step 3. Time from receipt at Hines Data Processing Center to receipt of first check, if one is due:

Chapter 30 & 32:	4-6 days
Chapter 35	8-10 days
Chapter 1606	6-12 days

Overall timeliness (the sum of the three processing steps)

Chapter 30 & 32:	27-34 days
Chapter 35	31-38 days
Chapter 1606	29-40 days

Recurring Monthly Payments

NOTE: Once a claim is authorized, the claimant is entitled to monthly checks throughout the enrollment period.

Recurring monthly checks are delivered on the first of the month covering the previous month's enrollment.

However, if a certification is required from the school or the student, payment is issued only after a certification is processed. Monthly certifications are required in all chapter 30 cases and for non-college degree training in the other benefit programs.

Typical time frames:

Certification form issued: By first of the month
Certification returned to RPO: 3rd to 5th day of the month
RPO Processing: 2 days
Data processing at Hines Benefits Delivery Center and issuance of check: 4 to 6 days

NOTE: Each month our data processing center publishes detailed schedules of operations for each benefit program. These schedules specify what data processing occurs each day of the month. We believe the above general outline would be more useful to HVAC but would be glad to furnish the detailed schedules if desired.

2. Are there any major differences in this diagram between Chapter 30 benefits or Chapter 35, or Chapter 32 benefit delivery systems?

There are no major differences in the claims processing cycle for the major benefits. However, there are major differences in how recurring payments are handled for these benefits.

For recurring payments, there is a major difference between chapter 30 college students and college students under chapters 32, 35 and 1606. Students under the latter programs receive their recurring checks on the first day of the month. Students under chapter 30 receive their certification form near the first of the month and then mail it in for processing. The majority of chapter 30 checks are delivered between the 8th and the 15th of the month. The adoption of SAVE and EFT should greatly reduce the delay in chapter 30 cases.

3. The VA continues to tout the VACERT program as a technological advancement.

A) What is the percentage of schools using VACERT?

B) How many days does the system save over other delivery systems?

C) Can you show how the use of VACERT has improved the issuance of checks?

A. There are approximately 7,300 institutions with students in VA education programs. More than 1,500 (20%) are currently using VACERT and the number continues to increase.

B. It varies depending on the speed of local mail deliveries and clerical processing time at schools and at VA. We estimate that it typically saves from 3 to 5 days.

VACERT has another advantage. With a program called AUTOMAN, the data coming in from VACERT is automatically loaded into our main computer as a pending issue. This saves an additional clerical step as VA no longer has to key the pending issue data.

C. VACERT has improved the timeliness of checks as noted in the answer to B. There is also another advantage. VACERT prevents some erroneous certifications from being sent on to VA. VACERT alerts schools if a proposed certification has missing data or illogical data (for example, dates out of sequence). This "editing" capability of VACERT cuts down on the number of erroneous certifications VA receives. As a result, VA does not need to call or write schools for clarification of enrollment information in as many cases.

An additional benefit of AUTOMAN is that VA claims are better controlled and better control reduces the submission of duplicate documents from schools. It also assists in the speedy resolution of inquiries.

4. If a deferred payment plan can be implemented by the colleges and universities, how easily could the VA payment system adapt to these changes?

As we understand this question, a deferred payment plan is a plan to make monthly payments directly to schools until the student's tuition is fully paid. When tuition is fully paid, payments would revert to the veteran.

A deferred payment plan would require significant programming changes to four major computer systems. (VBA maintains separate computer systems for each major education benefit: There are separate systems for chapters 30, 32, 35 and 1606.) These changes would be difficult to implement and

would have a negative impact on other data processing initiatives such as EFT. It should be noted that providing EFT for just one system (chapter 30) has proved to be a significant technical challenge and has not yet been accomplished.

The four education computer systems are not easy to change. Changes are very labor intensive. Currently, it is VBA's strategy to limit enhancements to VA's "legacy systems" (the older systems like the education systems) to the extent possible and devote major resources toward redesign of the C&P system. The education systems would then eventually be redesigned as well. This overall strategy leads us to limit major enhancements to the current systems to the extent possible.

a) Are there any advantages to payments made directly to schools?

There may be advantages to students in some instances. However, payments made directly to educational institutions would remove students' discretion to use the funds for educational costs and subsistence.

5. Aside from moving workloads from the Atlanta office, what is being done to reduce the backlog of claims at that RPO?

Additional employees were hired and overtime was performed. By February 26, 1996, the Atlanta RPO had reduced its backlog by more than one third from the peak level of 57,714 cases pending on January 12, 1996. This reduction was achieved despite the receipt of many Enrollment Certifications for spring terms. The backlog has now been reduced by nearly two-thirds, to 19,716 cases pending on March 29, 1996. Within a short time, we expect that there will no longer be an excessive number of pending cases in Atlanta.

A) Are there plans for special training?

Trainee claims examiners were assigned certain simpler types of enrollments to process, to maximize their productivity prior to completion of their training. Regular training is now being resumed, and newly hired claims examiners will receive intensive training. By the time education processing from the St. Petersburg Regional Office is consolidated into Atlanta in July 1996, personnel will be trained and ready for the additional workload.

6. During testimony, the Department of Defense indicated that 95% of new recruits enrolled in the MGIB, and 70% go on to participate in educational benefits.

A) What are the numbers of personnel completing their education using GI Bill benefits, where "completing is either a two-year or four-year program of academic study?

Our records show that the cumulative usage rate for the MGIB is 59.4%. Our database shows that 131,458 Chapter 30 beneficiaries (or 45%) attended junior colleges and 114,923 (or 40%) pursued bachelor degrees. Completion rates are not currently available in our system of records.

Honorable G. V. (SONNY) Montgomery

1. A few years ago, VA recommended that the requirement for monthly self-certification be extended to chapters 32, 35, and 1606. Does the Department still support this view? If this recommendation were to be implemented, what would be the effect of the resulting increased paperwork? Would timeliness of service be adversely affected?

The Education Service is currently studying the effectiveness of monthly certification. Our preliminary data indicate that monthly certifications significantly reduce overpayments and are cost-effective. We are studying ways to make them less costly and more efficient.

VA would only implement monthly certification in the other benefit programs in conjunction with SAVE and EFT. Therefore, the impact on paperwork and timeliness should be minimal.

2. Do chapter 30 education checks now include the dates covered by that check? I know you were discussing this issue with Treasury at one point. Has it since been resolved?

Advance payment checks include this information. Regular checks do not. Changes to our system are required to print the dates on regular checks. We are beginning the process to make the necessary changes to our system.

3. I was told that the Education program was more profoundly affected by the furloughs than the other programs. Is this true? If so, why? What can be done to reduce the impact of any future similar situations?

The effect of the furloughs on Education programs was particularly acute for several reasons. Firstly, education workload fluctuates over the course of the year in rhythm with the academic calendars of educational institutions. It is highest when enrollment certifications for fall and spring terms come in. Pending workloads typically reach one peak from October through November, decline sharply in December, and reach another peak in late January and February. These peak work periods are routinely handled with the use of overtime. Due to budgetary constraints after October 1, 1995, overtime was severely curtailed. As a result, backlogs were incurred even prior to the furloughs. The furloughs themselves prevented the normal reduction of pending workload from fall terms prior to receipt of enrollment documents for spring terms.

Secondly, the needs and expectations of education claimants demand a shorter time frame for processing. School terms typically last only three to four months, and sometimes less. The students' need for funding is greatest early in the term, to help pay for tuition, books, and supplies. To satisfy our customers' needs and expectations, throughout Fiscal Year 1995 (including September 1995) we were able to process more than 84 percent of original claims and more than 90 percent of supplemental claims in less than thirty days. The furloughs dramatically reduced that timeliness, to 63 percent for original claims and 75 percent for supplemental claims in February 1996.

Finally, for all claimants under the Montgomery G. I. Bill - Active Duty, and for some claimants under other programs, receipt of monthly benefits depends on VA processing a verification from the student of his or her continuing enrollment. These constitute about two-thirds of all education beneficiaries. When furloughs prevented the processing of verifications, even those beneficiaries whose claims had already been granted were unable to receive benefits.

We do not expect similar situations in the future. However, should such situations occur, one way to reduce their impact is to consider education claims processing as an essential activity which can be continued.

In Secretary Brown's correspondence regarding the Education Service move, he noted that the "typical" Education Service employee has over 20 years of federal service with the salary and benefits that a good employee earns through those years. He went on to say that if the service is relocated, many of these "older" employees will elect to retire. Just for the record, I believe you are flirting with age discrimination in this statement. Would you care to respond?

Please provide for the record a similar profile of the Compensation, Pension, and Insurance Service, and the Cemetery Service.

VBA hopes to relocate every employee who wishes to relocate to St. Louis, regardless of age. The Education Service is staffed with very dedicated people, and the support of these individuals is why VBA's education programs run so well. Offering Education Service personnel the opportunity to relocate to St. Louis will ensure continuity of program knowledge, continued employment, and is in VBA's best interest in maintaining a workforce that has the necessary program knowledge and skills in education claims processing.

The average number of years service for employees of Insurance Service is 19.5 years; for Compensation and Pension Service employees, 23 years; and for National Cemetery System employees, 14.3 years.

4. As stated in title 38, U.S.C., the primary purposes of the Montgomery GI Bill-Active Duty is to assist in the readjustment of members of the Armed Forces to civilian life after their separation from military service. Accordingly, the clear intent of Congress is that the VA is the lead agency for this program.

Is this understood in the Executive Branch? If not, what do we need to do to clarify Congressional intent?

We should note that "readjustment" is one of six purposes; and although listed first, is not designated "as primary." We believe it is very clearly understood in the Executive Branch that VA is the lead agency for the administration of the Montgomery GI Bill-Active Duty.

5. Mr. Avent, in your testimony you point out how closely the VA Education Service works with the Department of Defense, the Department of Transportation, the FAA, and the Departments of Labor and Education. Additionally you note that, particularly with regard to the Montgomery GI Bill, Education Service staff regularly meet with their counterparts in DOD and the services.

I oppose your plans to move the Education Service to St. Louis - and you have just made part of the case for my opposition. Education Service personnel need to be here to ensure that, among other things, the Montgomery GI Bill continues to run smoothly. This seems very obvious to me.

Are plans to move the Service continuing? If so, I strongly recommend this notion be reconsidered. In fact, I introduced a bill yesterday to require that the VA Education Service be maintained in the District of Columbia.

We are continuing with plans to move the Education Service. The Education Service has developed close working relationships with the Department of Defense and other agencies in the administration of the Montgomery GI Bill; however, VBA in Central Office is being downsized. This initiative will reduce Central Office staff. In addition, we believe that we can improve on developing applications if the procedures staff is closer to a processing office. We are now preparing to convert St. Louis to a new imaging system.

As we go through this process, we are looking at a model that has been in place for a number of years, one that I think most people would acknowledge is one of our more successful operations. That is our Insurance program which is located in Philadelphia.

VBA's close working relationship with the Department of Defense and other Federal agencies involved in the delivery of services to veterans is a significant contributing factor to the success of our benefits programs, to include the Education Service. We will continue to work closely with our partners-in-service, within both the executive and legislative branches of government, as we progress with and after the implementation of our Central Office restructuring initiatives.

As part of our ongoing implementation planning, VBA's Education Service Director and the Director of the St. Louis Regional Processing Office (RPO) are working with a team of subject-matter experts to develop a concept of Education Service operations that will ensure the continued cooperation and coordination between our Education Service managers and the Department of Defense. A number of different implementation options are under review, to include the continuation of an Education Service coordinative office function here in Central Office, with the remainder of the Service relocating to the St. Louis RPO. This is just one example of a strategy to address concerns regarding intra-Department coordination on Education issues, while still enabling us to achieve the goals that will result from the collocation of a management, policy and procedures development with a line operation, to include improved policy development and coordination, more timely issue resolution, improved customer service, and substantial resource savings over a 5 year timeframe.

6. This Subcommittee has long been interested in the Student Automated Verification of Enrollment (SAVE) program. Under the SAVE process, chapter 30 trainees would be able to certify school attendance over the telephone. I know that the pilot for this program was successful. When will this program be implemented nationwide?

The Pilot test for SAVE was successful in the sense that we were able to demonstrate the feasibility of the idea. However, there were technical problems and the contract expired before we could develop the system to the point where veterans could actually try it.

We are now exploring this issue with SPRINT, our FTS2000 carrier, and they are optimistic about their ability to provide the necessary phone service. However, they have not provided a detailed plan yet, and we need to receive this plan before making any estimate of implementation dates. There are internal VA data processing issues to be resolved as well.

We hope to be able to do a live test of SAVE in a limited geographic area later this year. A full nationwide implementation would be further down the road.

7. I think we can all agree that, as a readjustment benefit, the effectiveness of the Montgomery GI Bill has seriously eroded over the years as a result of soaring education costs. In view of this, will the VA include in its budget request an increase in the basic GI Bill benefit? If not, why not?

As you know, the law provides for a cost of living increase effective in October of each year. Any other increases must conform to the PAYGO provisions of the law.

8. The issue of chapter 30 usage is important. The young people participating in this program agree to a $1,200 basic pay reduction in order to establish eligibility. Consequently, we particularly want to ensure that these benefits are used.

What is the current usage and how do you define this? In your view, should this rate be higher? If so, what steps can each of us take to get this rate up?

The cumulative usage rate since inception of the program through September 30, 1995, is 59.4%. We would like this rate to be higher. When we say 'usage rate' we are talking about those individuals who have opted to participate in the Montgomery GI Bill by having money withdrawn from their military pay (and who are thus 'participants') who then actually go on to enroll in a school and start to draw MGIB benefits.

The usage rate for the World War II GI Bill was approximately 50%. During the 25 years of its existence, the Vietnam Era GI Bill resulted in a 70% usage rate. Because Montgomery GI Bill participants have invested in their future, we expect the usage rate will better that of the Vietnam Era GI Bill. Most MGIB participants still have substantial time left in their delimiting period. In the first ten

years since the passage of the legislation the Montgomery GI Bill is almost half way to its goal. We are discussing with DOD the feasibility of sending out letters to individuals when they first become eligible for the MGIB, and later on sending out follow-up letters. We are also developing further outreach initiatives.