

**H.R. 1071, THE MONTGOMERY GI BILL IMPROVE-  
MENTS ACT OF 1999, AND H.R. 1182, THE  
SERVICEMEMBERS EDUCATIONAL OPPORTUNITY  
ACT OF 1999**

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**HEARINGS**  
**BEFORE THE**  
**SUBCOMMITTEE ON BENEFITS**  
**OF THE**  
**COMMITTEE ON VETERANS' AFFAIRS**  
**HOUSE OF REPRESENTATIVES**  
**ONE HUNDRED SIXTH CONGRESS**  
**FIRST SESSION**

APRIL 21 AND MAY 20, 1999

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**H.R. 1071, THE MONTGOMERY GI BILL IMPROVEMENTS ACT OF 1999, AND H.R. 1182, THE SERVICEMEMBERS EDUCATIONAL OPPORTUNITY ACT OF 1999**

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**WEDNESDAY, APRIL 21, 1999**

**HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON BENEFITS,  
COMMITTEE ON VETERANS' AFFAIRS,  
*Washington, DC.***

The subcommittee met, pursuant to notice, at 10:12 a.m., in room 340, Cannon House Office Building, Hon. Jack Quinn (chairman of the subcommittee) presiding.

Present: Representatives Quinn, Hayworth, LaHood, Filner, and Reyes.

Also present: Representative Evans.

**OPENING STATEMENT OF CHAIRMAN QUINN**

Mr. QUINN (presiding). Good morning, everyone, and thank you for your patience. I want to welcome everyone here to the first of two hearings on H.R. 1071, the Montgomery GI Bill Improvements Act of 1999, and H.R. 1182, the Servicemembers Educational Opportunity Act of 1999.

This morning's hearing focuses primarily on the Montgomery GI Bill as a recruiting tool. The subcommittee is very grateful to the Departments of Defense and Transportation and the Army, Navy, Air Force, Marine Corps, and the Coast Guard, respectively, for their participation. Aiding in the recruitment of highly qualified personnel is an explicit purpose of the Montgomery GI Bill.

The subcommittee will hold a second hearing, tentatively set for May 20, to take testimony from the Department of Veterans' Affairs, veterans in the military organizations, the higher education community, and others.

The recruiting environment today is indeed a challenging one, and we will explore with our witnesses the intent of both H.R. 1071 and H.R. 1182. For a 4-year enlistment or re-enlistment, H.R. 1071 would do the following: pay the full cost of tuition, fees, books, and supplies; provide a subsistence allowance of \$800 per month, and eliminate the \$1,200 basic pay reduction. For those who enlist for less than 4 years, H.R. 1071 would: One, it would increase the basic Montgomery GI Bill benefits to \$900 per month; secondly, eliminate the \$1,200 basic pay reduction; thirdly, allow accelerated payment of benefits, and, finally, make VEAP participants who

were on Active Duty before October 9, 1996 eligible to transfer to the proposed enhanced program.

For a 4-year enlistment or re-enlistment H.R. 1182, the second bill, would do the following: pay 90 percent of the cost of tuition and fees; pay for books and supplies; pay a monthly subsistence allowance of \$600 for full-time enrollment, and repeal the current \$1200 pay reduction.

Before turning to other members of the subcommittee for their opening statements, let me just say a few words about our process this morning because it is a bit different than our normal process for subcommittee hearings. Especially with respect to the panel of field recruiters and recruiting commanders, our process this morning will be primarily one of an informal discussion, particularly panel II and parts of panel III.

The subcommittee this morning wants to learn as much as we can from recruiting experiences. We can benefit greatly from recruiters' front-line assessments as to whether an enhanced Montgomery GI Bill can help recruiting or not.

I'm appreciative of all the members who are here this morning, and would like to turn to Mr. Evans, the ranking member on the full committee, for his opening statement. Mr. Evans.

**OPENING STATEMENT OF HON. LANE EVANS, RANKING DEMOCRATIC MEMBER, FULL COMMITTEE ON VETERANS' AFFAIRS**

Mr. EVANS. Thank you, Mr. Chairman. I want to thank you for scheduling this very important hearing, which is the first of at least two hearings on the future of the Montgomery GI Bill.

I introduced the Montgomery GI Bill Improvements Act of 1999, H.R. 1071, because it is clear to me that GI bill improvements are long overdue. Additionally, I strongly agree with the assertion, in the report of the Transition Commission that, quote, "an opportunity to obtain the best education for which they qualify is the most valuable benefit our Nation can offer to the men and women whose military service preserves our liberty," unquote.

I applaud the Commission's bold new plan for a GI bill, and to a large degree I patterned H.R. 1071 on their recommendations. I determined, however, that their proposal needed to be further strengthened and enhanced if the Montgomery GI Bill is to fulfill its purposes as a meaningful readjustment benefit and as an effective recruitment incentive for our Armed Forces.

I understand that the focus of today's hearing is on the use of the GI bill's as a recruitment tool. This emphasis is appropriate and timely because the Armed Services Committee will soon be marking up the DOD authorization bill for fiscal year 2000. As one of the military's most important incentives, the Montgomery GI Bill must be re-examined in light of the recruitment challenges facing our Armed Forces today. The problems confronting recruiters are not going to go away, and we have a responsibility to give these hard-working servicemen and women the tools they need to succeed.

I look forward to hearing from all of our witnesses, and I want to particularly welcome Chairman Sonny Montgomery to the subcommittee today. It will be good to hear his testimony.

Thank you, Mr. Chairman.

Mr. QUINN. Thank you, Mr. Evans; we appreciate your comments. Mr. Filner.

#### OPENING STATEMENT OF HON. BOB FILNER

Mr. FILNER. Thank you, Mr. Chairman, and thank you for scheduling this hearing. We are especially grateful that our former chairman and the father of the latest GI bill, Congressman Sonny Montgomery, is with us, and we thank you, Mr. Chairman. I can only refer to you as that for your being here, your concern, your commitment to the men and women who serve in America's Armed Forces. They are unsurpassed, and we deeply appreciate it and we'll never forget them.

Of course, now that I'm up here and you're over there, 38 years ago you had me arrested when you were head of the National Guard in Mississippi. (Laughter.)

And we're going to get some revenge today, Mr. Chairman. (Laughter.)

I believe that the bill, whose father is here today, is one of the most important programs administered by the Department of Veterans' Affairs. Since 1944, our Government has provided education benefits to veterans to assist in their re-adjustment to civilian life and to enhance military recruitment. And the current GI bill obviously follows in that tradition. Educational assistance earned through honorable military service is a good national policy, and I know we all agree that those who serve in our Armed Forces deserve this opportunity.

Since its implementation on July 1, 1985, more than 800,000 veterans have trained under the Montgomery GI Bill, and in fiscal year 1998, an impressive 96 percent of all eligible enlisted recruits actually enrolled in the program. This program has indeed been effective and provides the means for hundreds of thousands of young veterans to further their education, and enables the Armed Forces to attract the talented, capable recruits they need.

There are signs, however, that are very clear, that if the Montgomery Bill is to continue to succeed as a re-adjustment benefit and recruitment incentive, it must be improved. The signs are clear that this excellent program is beginning to suffer from neglect. Although more than 800,000 plus veterans have used their benefits, this number only represents a little more than half of the veterans who have eligibility to use the program.

Another indication that there is a problem is the failure of both the Army and the Air Force to meet their recruiting goals for the first two quarters of the current fiscal year. In addition, I think we should all be concerned that the Defense Department's 1998 youth attitude tracking survey shows that in fiscal year 1998 only a quarter of the young people aged 16 to 21 expressed an interest in military service. That compares with 34 percent who had considered enlisting 7 years earlier.

I think it is fair to conclude from these numbers that the Montgomery GI Bill is not as helpful as it should be in recruiting or meeting the re-adjustment benefit that it once was.

I'm an original co-sponsor of H.R. 1071, the Montgomery GI Bill Improvements Act of 1999, that was introduced by our Ranking

Democrat, Lane Evans. It is very similar to the GI bill proposal included in a Transition Commission report, which would give the Services a GI bill that would enable them to recruit the college-bound young men and women they need. It would also enable our young veterans to attend the college of their choice.

Military service, as noted in the Transition Commission report, is America's most fundamental form of national service, and veterans earn, and indeed they deserve, a Montgomery GI Bill that ensures that the only constraints on veterans' education is their ability and their ambition.

Thank you, Mr. Chairman, and Mr. Chairman, we look forward to your testimony.

Mr. QUINN. Thank you, Mr. Filner. Mr. Hayworth.

#### OPENING STATEMENT OF HON. J.D. HAYWORTH

Mr. HAYWORTH. I thank you, Mr. Chairman, and I'm just so pleased that we have ranking members, past and present, here. It's good to see our friend, the gentleman from Mississippi, who has taken such a lead through the years in a bipartisan fashion to make sure that those who would provide for our common defense also have a means to provide a way to improve themselves through education.

I am almost tempted to ask counsel, however, if our former ranking member has Active Duty status with the reserve in case my friend from California gets out of line today. (Laughter.)

But I'll resist that temptation and leave that more as a rhetorical question today.

It is also worth noting that while the GI bill was greatly improved through the bipartisan work spearheaded by our former chairman and ranking member, Mr. Montgomery, historians credit an Arizonan, Senator Ernest MacFarland, for starting much of this work in the post-War era, to really understand the debt of gratitude all Americans have for men and women in uniform. Indeed, we wish that it were an eagle soaring in this room today rather than a pigeon. (Laughter.)

We hope it is not a reflection on the rhetoric employed by those who sit on this committee. (Laughter.)

But in all sincerity this morning—and we hope the record will note that we do have many qualified men and women in uniform, and I guess they often refer to us, as Members of Congress, as somewhat of a menagerie, but we do have our friend, the pigeon, in watching from one of the shelves this morning.

General Eisenhower, as President, recognized the importance of education to our national defense at a time when educational resources were seriously questioned in the late 1950's. So there has been good work on both sides of the aisle when we approached this challenge, not as Republicans or Democrats, but as Americans.

We understand full-well from the headlines that confront us, both domestically with the tragedy in Colorado yesterday and also internationally with the challenges America must meet abroad, that there are serious questions that go to the very social fabric of our Nation. And once again, education first in the home, education in the schools, the ability of those who would wear our uniform to improve their lot in life even as they safeguard our freedoms is of

paramount importance, and that is why I'm pleased, Mr. Chairman, that you called this hearing.

I welcome those members, past and present, those who wear the uniform of this country, and look forward to the testimony.

Mr. QUINN. Thank you very much, Mr. Hayworth. Mr. Reyes—opening statement.

#### OPENING STATEMENT OF HON. SILVESTRE REYES

Mr. REYES. Thank you, Mr. Chairman, and it is a pleasure to welcome a legend, not only in Congress, but throughout the Armed Services. Mr. Chairman, welcome.

I have a statement for the record that I wish to submit, but I do want to say that part of what I think the challenge today that faces us collectively is making sure that we make the military services attractive to our young people.

I am a beneficiary of the GI bill. In fact, I have often cited in my speeches that were it not that in 1966 I was recruited forcibly by the U.S. Army to serve, I would probably still be back on the farm that I was raised on. But it really was a defining moment in my life. I am the oldest of 10 children. Six of us were male, and four of us served this country proudly, and I can tell you that all of us benefitted from the GI bill in terms of pursuing our education. So I think it's vitally important that we do as much as we can, and that is one of the reasons I am a proud member of this committee and proud to follow in your footsteps, Mr. Chairman. And I hope that we can convince the rest of Congress that this should be a priority, and that should be, as well. (Laughter.)

Somebody needs to free the bird.

But in closing, I want to say that I see each one of us with an opportunity to help in the recruiting effort by the Services. In fact, in a couple weeks, we've invited Secretary Caldera to come to El Paso, and we're going to have an Army week. In about 10 minutes I have a meeting with the Secretary of the Navy. We're hoping to schedule, also, a Navy recruiting week, and we've offered the same for the Air Force and for the Marines.

I think it is vitally important that each member do everything he or she can do to help recruit young men and women into the Services. I know that it made a real difference in my life.

Thank you, Mr. Chairman.

Mr. QUINN. Thank you, Mr. Reyes, and we are fortunate to have you as an active member of the subcommittee, and we appreciate your comments very much. And without objection, your written statement is made part of the record today.

[The prepared statement of Congressman Reyes appears on p. 126.]

Mr. QUINN. Mr. LaHood.

#### OPENING STATEMENT OF HON. RAY LAHOOD

Mr. LAHOOD. Mr. Chairman, thank you for calling this hearing. I think the one thing that I would say very quickly in also welcoming Sonny back to the committee and the work that he has done over the years—obviously you are always welcome here—is that there is a big debate going on in our country today about what's happening in Kosovo, and part of that debate is, have we really

provided the resources over the last several years, particularly on quality of life issues to people who are in the military?

So, it is obviously appropriate today that we talk about the issues that you have called this hearing about, because they are issues that help us continue to have a voluntary system that we have in our country. We don't have a draft, and people now are wondering if we're going to have a draft, and the answer is we are not going to have a draft, but we're not going to have a very good voluntary system unless we provide the resources that have not been provided over the last 6 years under this administration.

And I think a lot of us are very concerned about that, and so the hearing today is appropriate because we're talking about issues that help us continue to have a strong system because of the benefits that we can provide to people who are willing to volunteer their time and energy and talents to the military, and I congratulate you for having the hearing and for the opportunity to express a little bit of my frustration about the fact that this administration, over the last 6 years, has emasculated the defenses of our country, and we can play a role, I think, as Members of Congress, to say to those in the military that we appreciate what you do and we hope to improve some of the benefits we can provide to you.

Thank you.

Mr. QUINN. Thank you, Mr. LaHood, and thank you all for your opening statements.

As we begin our first panel this morning, we know that we have included in this panel a gentleman who served with distinction in this body and on this full committee for almost three decades and who needs no introduction, the Honorable Sonny Montgomery. Also on the panel is Mr. Kim Wincup, who was vice chairman of the Commission of Servicemembers and Veterans' Transition and Assistance and formerly served as Assistant Secretary of the Army for Manpower and Reserve.

I note for members of the subcommittee that Mr. Wincup will not offer an oral testimony this morning, but we'll take Mr. Montgomery's testimony and then proceed with questions, though, for both Mr. Montgomery and Mr. Wincup.

Chairman Montgomery, your leadership on servicemembers and veterans' education policy is obviously unparalleled in the country and probably worldwide, I might say, and it's a delight to have you back with us—and for me, who was a former teacher and actually considered myself a student of yours for the time that we served together—and to welcome you here this morning. Please proceed.

**STATEMENT OF G.V. (SONNY) MONTGOMERY; ACCOMPANIED  
BY G. KIM WINCUP**

**STATEMENT OF G.V. (SONNY) MONTGOMERY**

Mr. MONTGOMERY. Thank you very much, Mr. Chairman. I will summarize my remarks, but first let me thank you for giving me this opportunity this morning, and to the subcommittee here remind them of what you did, Mr. Chairman, several years ago, when you brought telephones into the VA hospitals in your district, and the Communication Workers of America helped out on that situation. And now, because of your leadership—I think I am correct—

every room in our VA hospitals around the country now have telephones. They didn't have that before. They had a mobile phone that you would move into the different rooms, so thank you very much for doing that.

To Bob Filner—it happened 40 years ago. He was a Freedom Rider. He was 18 years old, had no business on that bus. (Laughter.)

I put him in jail for 4 months. He turned out all right. Bob, thank you for your kind remarks, also, and to Lane Evans. Lane had a lot to do with the Montgomery GI Bill. He gave it the name; it was his bill that passed, and he was part of the GI bill. And to Mr. Reyes, Mr. Hayworth, and Mr. LaHood, thank you for your kindness, and thank you for being here this morning.

One of the great privileges of my life was to serve as chairman and ranking member of the House Committee on Veterans' Affairs. I am proud that I was in a position to assist and support the fine men and women who served in our Nation's Armed Forces. I'm particularly proud of having been one of the leaders on the Montgomery GI Bill. The bill number was H.R. 1400, and it was a result of tremendous commitment. And, Mr. Chairman, there were many people who were involved, and so others should get the recognition.

I want to thank Tony Principi, who is chairman of the Commission on Servicemen and Veterans' Transition Assistance, and Kim Wincup, who you mentioned, is the vice chairman of the Commission. I support what they say about the GI bill improvements to this Commission, and I want to thank Kim for being here, a close friend. Also my thanks go to Jill Cochran, who is a staff member, for helping me prepare these remarks.

The Armed Services had severe recruiting problems in the late seventies and early eighties. I'm kind of repeating, Mr. Chairman, of how this all got started. The all-volunteer system was in the early years, and smart, motivated young men and women were not going into the military. Consequently, there were many discipline problems. Too many of these entering the Armed Forces dropped out before completing the term of service, and what was rather shocking to me on some of the training manuals, it had to be changed to the fifth and sixth grade reading levels.

The establishment of the GI bill in 1985, however, had an immediate positive effect on recruitment. Recruiters were not only able to enlist the numbers of young people the Services required, they were also able to recruit the best and the brightest. Although the primary purpose—and this is a good point—of the GI bill is to assist in the re-adjustment of members of the Armed Forces to civilian life after separation from military service, the Montgomery GI Bill has proven to be a powerful cost-effective recruitment and retention tool for the Armed Services, and I'm sure the recruiters will support that statement.

Army statistics show that the percentage of recruits who were high school graduates nearly doubled after implementation of the GI bill in 1985. In fact, in fiscal year 1992 100 percent of all Active Duty recruits had graduated from high school.

The Congress has been very good about providing necessary weapons systems, high-performance aircraft, and faster tanks, but the planes won't fly, the tanks won't run, and the ships will sit in

dock without qualified people to operate this sophisticated equipment. The GI bill, when it offers the appropriate level of benefits, addresses this. It's a program that attracts the bright, disciplined, goal-oriented men and women the military needs, that we will be able to have the security of our Nation.

Disturbing statistics, however, show that the Armed Forces are beginning to have difficulty maintaining the recruiting successes of recent years. A 1998 Department of Defense study, which provides information on the attitudes of youth towards serving in the military, shows that young men are losing interest in the military service—and you know all of this. In the second quarter of fiscal year 1999, the Army was able to recruit only 83 percent of the young people it needs, and the Air Force fell short of its goal by over 1,300 recruits.

Several factors have caused this: downsizing of the military, a strong national economy, and the broad availability of grants and loans for college have contributed to the declining interest in joining the Armed Forces. And I'm sure that recruiters who will testify later can add to this list.

We can stop the steady drift toward major recruitment problems if we ensure that the GI bill continues to fulfill its purpose as an effective recruitment tool and re-adjustment benefit.

I want to congratulate the chairman, Jack Quinn, for co-sponsoring H.R. 1182, introduced by Bob Stump, and you, Bob Filner, for co-sponsoring H.R. 1071, introduced by Lane Evans. These are good, excellent bills, and I want to take the opportunity to thank this subcommittee, especially Bob and Lane, for ensuring that Congress enacted legislation last year that really helped the GI bill benefits increase by 20 percent. This was a great step forward, but more needs to be done.

The cost of education has risen since 1985, but the GI bill benefits level has really not increased enough. If this program isn't improved, the GI bill will become a hollow program with little value as a re-adjustment benefit or recruitment tool.

So in wrapping up, Mr. Chairman, GI bill benefits earned by those who volunteer to serve in our Nation's military subject themselves to the rigors, hazards, discipline, and even death, which are unique to military service. Those benefits must be generous and they must be more generous than provided other citizens, and other citizens who, quite frankly, never have to leave home.

Thank you very much for this opportunity.

[The prepared statement of Mr. Montgomery appears on p. 131.]

Mr. HAYWORTH (presiding). Mr. Chairman, we thank you for the testimony. I should note that our subcommittee chairman was called urgently to the Transportation Committee, and to paraphrase, or perhaps directly to quote our good friend who does not serve on this committee, the gentleman from Georgia, Charlie Norwood, with his wonderful accent and homespun wisdom, "I've got to be two places at one time. That means one group of folks is going to be disappointed." (Laughter.)

So, I know Chairman Quinn feels that way, Chairman Montgomery.

Sonny, in your written statement you note that GI bill benefits are earned by those who endure the rigors and hazards that are

unique to military service, and that such benefits fundamentally should be more generous than those provided for other citizens. Could you elaborate a bit more on that statement please, sir?

Mr. MONTGOMERY. On AmeriCorps and on national service, which is an excellent program—when they first started NationalCorps, President Clinton ran me down in a restaurant here in Washington, and we were holding up that bill because the education benefits for national service AmeriCorps were about the same as the GI bill benefits. And we could see that, why go off to Bosnia and the Balkans when you could stay at home and get national service? The President did reduce his request, but the other benefits, including national service, are not that far behind the GI bill benefits, and if you don't raise them and help the GI bill, you can't blame kids. They are going to stay at home and not march off to war.

Mr. HAYWORTH. Again we are pleased, not only to have you, Chairman Montgomery, but also Mr. Wincup, who is here as an answer man. He offered other testimony earlier, as our chairman detailed.

Mr. Wincup, you were Assistant Secretary of the Army during the Persian Gulf War and served as chief counsel of the House Armed Services Committee prior to that, and you have seen the ebb and flow of military recruiting for at least the last decade-and-a-half. What is your insight on the use of an educational incentive, for example, to bolster recruiting for our military services?

Mr. WINCUP. Mr. Chairman, thank you. It is a real pleasure to be here and a privilege to sit next to Mr. Montgomery, who I had the pleasure of working with and for on the Armed Services Committee since 1974. So, I have had the opportunity to watch the programs ebb and flow.

As you know, the All-Volunteer Force has been in existence for 25 years, and it has been tough every year. The recruiting has ebbed and flowed to some degree, but every year is tough for recruiters, as you will hear later. In the late seventies and the eighties, as Mr. Montgomery pointed out, it was off probably worse than it is today, and it appears to be for the next year or so. At that time the administration also opposed an educational assistance program, but thanks to the leadership of the Congress, particularly Mr. Montgomery, that program was forced through and as a result we had some great recruiting years thereafter.

The issue with education, to me, sir, is not just that it attracts recruits—it does; it gets them to come in for the right reason—but it attracts their parents and their influencers, who have a huge amount to do with their decisions as to whether to come in or not. We found out in the seventies that when you gave them bonuses, the parents really weren't all that happy about it because the money was spent on a car or for reasons that didn't advance the individual for the future. So the education program has an unusual amount of attraction in this country in terms of what it can do.

Mr. HAYWORTH. Thank you very much, sir. Now, turning to my friend, who has promised to be on his best behavior, the ranking member from California, Mr. Filner.

Mr. FILNER. I'm not sure if I should take that bait or not. (Laughter.)

Thank you again, Mr. Montgomery—Mr. Chairman—for your statement. Still the consummate politician in saying that both bills were wonderful.

I want to know if you have any advice for us as we face the coming session in Congress. As I understand the budget process, right now there is not going to be money to fund either of these bills, and so as much as we might support them, the budget won't allow us to fund them. I think that's tragic. I think that is a mistake, and I hope that this committee will fight for those funds to fund whichever version of the Commission's report that we take.

But, do you have any advice for us on how we might realize that? I mean, how do we proceed from here as a committee that does want to do what's best for its veterans?

Mr. MONTGOMERY. I have in my remarks that I feel like this subcommittee will have to be a priority on the GI bill educational funds, and of course we will have to see what the recruiters say today—if the bill is helping that much, do they use it that much?

And then—I have found out in the years I was in the Congress that you do find the money in other places. You might have to hurt some programs now and help them out later, but right now it seems to me that recruiting—our forces are marching off to war today. The Guard and Reserve will be called up on Thursday or Friday of this week, and so we just have to find the money.

Bob, you have been around here long enough to know that you have to pick priorities, and this is a priority as far as I am concerned. Not because it bears our name, but because it is a help. Not only does it improve the military, but it does a great deal for these young Americans after they get out of the service; they have got the opportunity and chance to be successful.

Mr. WINCUP. Mr. Filner, could I presume and follow on to my chairman here for a moment? The other thing, in addition to recruiting being tough every year, my experience on the Hill from 1974 was that every year was tough in the budget world also, and we never had any slack. It took the leadership of the Congress to drive this through in the eighties, and my guess is it's going to have to be the same for the future.

Just to follow on to your point made earlier, in fiscal year 1999 the Department of Education is going to spend \$51 billion for educational assistance for people in this country, which is a wonderful thing, but it makes the amount that we are talking about for this program relatively small.

Mr. FILNER. I thank you, and I again thank you, and look forward to seeing this move along with your help, Mr. Chairman.

Mr. HAYWORTH. I thank my colleague from California. The gentleman from Illinois? He has no questions.

I thank you, Chairman Montgomery. Thank you, Mr. Wincup. We appreciate your work in the past and your wisdom and counsel as it applies to the future, and we dismiss the first panel now.

Now the chair is very pleased to call to the table our second panel, a panel of field recruiters from each service branch, those who literally are on the front lines and offer an honest assessment of how these things will help. We are calling Sergeant First Class Thomas Krech, Petty Officer Lora D. Johnson, Staff Sergeant Robert Austin, Gunnery Sergeant Paul Jornet, and Electrician's Mate

Second Class Keisha R. Gill. And we should point out that Sergeant Krech is from the Army, Petty Officer Johnson is from the Navy, Sergeant Austin is from the Air Force, Gunnery Sergeant Jornet from the Marine Corps, and Electrician's Mate Second Class Gill is from the U.S. Coast Guard.

Welcome to you all. We appreciate the work you do for us. One of the great privileges I have here, in sitting in the chair, is to have a bit more latitude. And not to get encyclopedic, but one of my dear friends from high school is also a recruiter for the U.S. Army, perhaps within the shadows of this building. And I talk to him on a rather informal basis quite frequently to try and gauge how it goes, and we thank you all for coming in to offer, in a formal committee setting for the record, for the Congress, and for this subcommittee your assessment of what you have to do, and we want to learn from you, given the challenges you confront.

To get us started, would you each tell us a little bit about yourselves—where you are from originally, how long you have been in the military, the location of your recruiting work, and your primary military specialty when you leave recruiting. And let's just take it in order, beginning with Sergeant Krech, please.

**STATEMENTS OF SFC. THOMAS R. KRECH, RECRUITER, U.S. ARMY; PETTY OFFICER LORA D. JOHNSON, RECRUITER, U.S. NAVY; STAFF SERGEANT ROBERT A. AUSTIN, FIELD RECRUITER, U.S. AIR FORCE; GUNNERY SERGEANT PAUL JORNET, RECRUITER, U.S. MARINE CORPS, AND ELECTRICIAN'S MATE SECOND CLASS KEISHA R. GILL, RECRUITER, U.S. COAST GUARD**

**STATEMENT OF SERGEANT THOMAS R. KRECH**

Sergeant KRECH. Mr. Chairman, members of the subcommittee, I would like to start out by saying that I am very proud and very grateful for having the opportunity to be here today and speak with you and express my views.

My name is Sergeant First Class Tom Krech. I have been in the Army for about seven-and-a-half years, the last year-and-a-half which I have spent on recruiting duty. Prior to being detailed as a recruiter, I spent some time in the 82nd Airborne Division at Fort Bragg, North Carolina and at the 11th Air Defense Artillery Brigade in Fort Bliss, Texas working with the Patriots.

My job prior to recruiting was land surveyor for the field artillery. My time spent in recruiting has been spent in San Gabriel Valley, California, which is just east of Los Angeles and the Los Angeles recruiting battalion. My population where I recruit is very diverse, both economically and ethnically. The majority of the people I recruit are of Hispanic or Asian background. About 6 months ago I converted over to a recruiting mos and am now working as a non-production station commander.

Again, I would like to thank the subcommittee for the opportunity to appear here.

**STATEMENT OF PETTY OFFICER LORA D. JOHNSON**

Petty Officer JOHNSON. Good morning, Mr. Chairman, and distinguished members of the subcommittee. My name is Petty Officer

Lora Johnson, First Class, Navy. I am from a neighboring recruiting district, Buffalo, NY. I am pleased to have an opportunity today to appear before you.

I am a native of Lackiwana, NY and enlisted in the Navy through the delayed entry program shortly after graduating from high school—Hutchinson Central Technical High School in Buffalo, NY. After completing boot camp in Orlando, FL, I immediately went to Aviation Machinist's Mate A School in Millington, TN. I received orders to the Naval Air Station in Jacksonville, FL. My second assignment took me overseas to Naval Air Station Sigonella, Sicily.

Currently, I am working at Navy Recruiting District, Buffalo, NY, and as a native of Buffalo I was more than happy to receive orders as a recruiter; I volunteered. As a Sailor, I pride myself in serving as a role model to young people of all races. As a single parent, I'm happy to have the support of my mother raising my two wonderful children—Dwight, who is 10, and my daughter, Alicia, who is 7.

Again, it is definitely an honor for me to appear before you today to talk about your concerns over educational benefits and recruiting. Thank you.

#### **STATEMENT OF SERGEANT ROBERT A. AUSTIN**

Sergeant AUSTIN. Good morning, Mr. Chairman, and subcommittee members. My name is Staff Sergeant Robert Austin. I'm with the U.S. Air Force. I originally hail from Kansas City, MO, the "Show Me" State, and I have been in the Air Force approximately 10 years now.

I primarily was a fuel specialist before I became a recruiter, and like my Navy counterpart, I, too, volunteered for recruiting duty. I have been in recruiting duty going on approximately 3 years now, and I don't know what I'm going to do after this point—maybe stay in recruiting or maybe go back to the field or something of that nature. I do know I am going to retire from the Air Force; that much is certain.

But I am thankful to have the opportunity to testify before you. I look forward to the questions. Thank you.

#### **STATEMENT OF SERGEANT PAUL JORNET**

Sergeant JORNET. Good morning, Mr. Chairman, subcommittee members. My name is Gunnery Sergeant Jornet. I'm the non-commissioned officer in charge of RSS Martinsburg. I have been in the U.S. Marine Corps for 18 years now. I have been a canvassing recruiter and non-commissioned officer-in-charge for 2½ years. I have 6 months left on my current tour of duty.

By trade, I'm an infantryman in the U.S. Marine Corps, and in about 6 months I will go back to that job. It is my pleasure to be here today, and I look forward to your questions.

#### **STATEMENT OF ELECTRICIAN'S MATE SECOND CLASS KEISHA R. GILL**

Petty Officer GILL. Good morning, Mr. Chairman, and subcommittee. It is indeed an honor to be here. My name is Elec-

trician's Mate Second Class Keisha R. Gill. I have been in the Coast Guard for 9 years.

As I stated before, my actual job skill is as an electrician. I am in recruiting now and have been in recruiting for 2 years. My duty assignment now is Philadelphia, PA. My tour of duty in the Coast Guard has included a small boat station, group operations, group engineering, 3 years of sea duty on a medium-endurance cutter, and also a Naval Engineering Support Unit.

Recruiting in the Coast Guard is strictly volunteer; I volunteered because it was indeed an honor to represent the Coast Guard to the public. And I do go to school; I have gone to school full-time while on Active Duty, and I also go to school part-time now using my Montgomery GI Bill, and thank you once again for having me here today.

Mr. HAYWORTH. Thank you very much, and this, again, will be a question for each of you, and I guess we will just take it in reverse order, given the functions of the microphone and its placement.

I know there are many frustrations, challenges, and obstacles when it comes to recruiting. What is your biggest frustration in recruiting high-quality individuals to our All-Volunteer Force?

Petty Officer GILL. Mr. Chairman, I believe our number one obstacle is access to high schools. The majority of the guidance counselors don't speak to the students about opportunities available to them with the United States military services, the educational benefits that are available to them, so that is our number one obstacle. It is getting into the high schools and having the access to the high school students and letting them know that there are opportunities available to them to further their education through the military.

Sergeant JORNET. Mr. Chairman, I really can't narrow down one great obstacle. Obviously, recruiting duty is very challenging. There are a lot of different challenges you are confronted on on a daily basis. Probably the biggest challenge is the qualified market. We do have a great need for a qualified market. That is probably one of the reasons why we're talking about education. I believe in this market—it's a hard job, and there aren't any answers. There is nothing that you can give me that is going to change that market, only that which can help me get better acquainted with that market and get more effects out of it.

Sergeant AUSTIN. Like my Coast Guard counterpart, my frustration, too, is high school access, but I have several frustrations. But one of things that also really bothers me is the fact that the perception of the military in the eyes of the counselors, the perception of the military in the eyes of the parents, as well as the actual individuals that we are looking to enlist—that bothers me. One, because they don't see us as a first option or a viable option in terms of being able to go to college. You know, they don't see us as an educational opportunity, and the military is a last resort type of option, meaning that if I go to the military that I'm doomed for war and I'll never have the opportunity to go to school. That is a very big perception among a lot of the high school kids, as well as the counselors, so they don't push the military as an option. And I think that someone has to serve in order to support our freedom. So, that's a problem for me.

And then discipline, of course. I come from a background where I supervise 10 airmen at a given time, and when I ask a young person to show up on time for an appointment or something like that, or commit to their word, that is something that seems unheard of in the community now.

So, discipline and military perception would be one of my frustrations, sir. Thank you.

Petty Officer JOHNSON. Mr. Chairman, my concern is the same as Petty Officer Gill's. I am having a great deal of difficulty with getting support from educators and counselors in regards to getting access to schools and school lists. The counselors tend to sway students away from enlisting into the military, regardless of educational benefits. They tend to look at what happened in the past regarding wars and such, and they tend to not want to support us and let us into the schools, and it makes it very difficult for us because the counselors know the students for 4 years, as opposed to us, who have just walked into this person's life and started talking to them about opportunities that they have never heard of.

So that's my only concern at this time. Thank you.

Sergeant KRECH. Mr. Chairman, I would like to piggyback with what my fellow recruiters said and give you another thing. I have talked to a lot of recruiters, a lot of my fellow recruiters out there, and I think one of the biggest frustrations, especially in the quality market—with those quality young men and women—is the choices that are open to them.

You know, most of the smart kids want to go on and continue their education. There are a lot of different ways out there right now that they can finance that education, and there are certain perceptions about the military, both with the kids that we are talking to, as well as their center of influence—their parents, their teachers, their counselors, and they don't want to commit 4 years and go to a foreign country and get shot at just to pay for their education when they can get the same amount of money, if not more, through financial aid, student loans, and things of that matter.

Mr. HAYWORTH. Thank you very much for your answer, and I must tell you, I am very disturbed to hear what you're saying about guidance in the high schools. It almost seems like a paradox, because one of the thrills I have is appointing young men and women to the United States service academies, and the competition is intense for those appointments and there seems to be great interest.

And I know many of us try to stress there are other routes to military service and very significant compensations for those who will take those other routes, but to see this fall-off where a hostility—I guess, because it seems to me, inherent in what you are telling me is not so much an apathy, but almost an antipathy toward the military that—perhaps hostility is too strong a term, but I still am very concerned about this.

Again, a question for each of you, and then I will close—and I thank the ranking member for being judicious about this, but given the informality that our chairman promised today, I promise we will show the similar latitude to my friend from California.

Again, a question for all of you. When high school students consider their post-high school plans, obviously you and, I think, all of us here would want them to consider military service as one of their first options, not one of last resort, including those who plan to go to college immediately out of high school. Would an educational incentive that would pay 90 percent of tuition and fees, plus books and supplies and a \$600 monthly subsistence allowance help you in recruiting? If yes, why? And if not, why not? We'll start with you Sergeant.

Sergeant KRECH. Mr. Chairman, I think it would absolutely help us in recruiting. I don't think it's the cure-all, fix-all answer, but I think it's an absolutely powerful tool that we can use in attracting these quality young men and women. The current Montgomery GI Bill offers \$19,008 for a 4-year commitment. In a lot of the schools where I recruit in California, \$19,000 isn't going to pay for the first year of college for this individual. So, leaving it up to where the individual can get accepted to is a very, very powerful tool.

The one concern I do have with the new Montgomery GI Bill is, as a station commander in the Army, my standard is to ensure that I have 50 percent of the DOD market take, and you know that the Army and the Navy have increased benefits via the Army and Navy college fund, and I am concerned about ensuring that the Army and the Navy—well, the Army has the largest mission—it is more than all the other services combined—so I am concerned that we still have an advantage over the other services in terms of some sort of bonus, or something like that.

Petty Officer JOHNSON. Mr. Chairman, there is no doubt in my mind that the military has the best educational benefits of any organization out there. However, I do believe that an enhanced program would show educators and parents and students basically how serious we are about our service members receiving an education. So, I definitely believe that it would help, sir.

Sergeant AUSTIN. I, too, agree that the enhanced Montgomery GI Bill would definitely be of assistance to us in our recruiting efforts. One, it would put us in top position to compete against the colleges as far as offering a scholarship opportunity to the young people. We would also be able to compete against the Federal Pell grant system, the student loan systems.

One, with the Montgomery GI Bill, a young person could come into the military—and this is why I think we would have the advantage—they can come into the military and get 90 percent of their college paid for, as well as get a trade and earn some money at the same time versus creating a debt that in the long term they are going to have to pay back. So I think that's going to be the greatest advantage for us.

Two, to piggyback, I believe, on what my Army counterpart said, by us presenting a new Montgomery GI Bill, it would show the educators in the schools that we are aware of the educational needs of people, of the young people now-a-days. It's not the same as back when I came out of high school, whereas if you had a bachelor's degree you could walk into about any job. You know, now a bachelor's degree is just like a high school diploma, so we are aware of that change.

We are aware of the austere conditions that people have to serve under in the United States military, and it will let them know that we are trying to make a change to the benefit of the young men and women that serve. So, yes, I do believe it will be a great asset to us. Thank you.

Sergeant JORNET. Mr. Chairman, I also believe it would be a great asset to me. Just to give you some basic idea of what I confront, from March to February of last year, my recruiters—3.5 recruiters, technically—conducted 445 sit-down interviews with people interested in the U.S. Marine Corps. Out of that, I put 124 of them into the Marine Corps. Roughly 381, out of the 445 people that I sat down with, listed education as their number one reason why they were in my office. That's 86 percent. Of the 124 that I actually put in the Marine Corps, 82 of them were those that had listed education. That's 66 percent. So, I feel that having increased educational benefits will allow me to attract better those 299 people that I wasn't able to put in the Marine Corps, because I believe out of that 299, education was a lot higher on their scale than what I could provide for them. And I think this enhanced bill would definitely serve us well.

Petty Officer GILL. Mr. Chairman, I agree with my counterparts here on the fact that we do lose a lot of applicants because the majority of them are shopping around for educational benefits, and that is their number one priority: what can the service offer me to continue my education or further my degree?

With this bill, this would greatly open up the pool of applicants with, of course, a greater character service than what we are looking at right now because they are highly motivated, they know what they want, they have goals and objectives. And it also will increase the service overall, along with the general public, because they are seeking to serve their country, to do service to that particular branch that they choose. They are earning educational benefits, they are getting a degree, so therefore this is turning back over to society as a whole. So, this would greatly help us out a lot in recruiting.

Mr. HAYWORTH. Thank you very much. The gentleman from California.

Mr. FILNER. I thank the chair, and I thank you for your testimony here today. It's clear that our Nation is well-served by your outreach to our community with the representatives that we see in front of us.

I don't want to draw you all into politics, so I will just make a statement for the record as opposed to asking you. The gentleman preceding me said, would you be helped by a bill that provided 90 percent and \$600-a-month subsistence allowance? I assume that you would be helped even more if the bill provided full costs for tuition, fees and books and supplies and gave \$800 a month for the subsistence allowance. I don't need to ask you all that, but I assume if one does one, a better one will help even more.

While you are with us, is there anything that you might tell us—just what would you like to see in a bill? We're concentrating on that. You told us about the problem with the high schools, and I think most of us made notes about that. What would you like to

see in a bill that would help you do your job? And whoever wants to answer, can, if you have thought about it.

Sergeant AUSTIN. Well, sir, I had a question as to, with the Montgomery GI Bill—the new, enhanced Montgomery GI Bill—at what point in someone's service can they begin using it? Is that going to be able to run concurrent with your Active Duty service, or is it something that you would use after service? And that would lead into—

Mr. FILNER. I will let our counsel answer that directly. I used to teach school, and you are one of the great students I would have, that would turn whatever question I had back to the teacher. (Laughter.)

Thanks a lot. You could be a General, I can see. (Laughter.)

Ms. COCHRAN. They could use the—I'm assuming actually under both bills—they could use—and under current law—they can use their GI bill after 2 years on Active Duty.

Sergeant AUSTIN. Okay. I was wondering if that was going to run the same. In that sense, then, if it could be used on Active Duty, maybe a little earlier into the term. I don't know if there's an investment period or what goes on there, but I think if we could tap into the Montgomery GI Bill a little earlier in terms that it would assist people going to school, simply because of the fact that the other alternative is the tuition assistance program, and that does have a cap. And if you were to—let's say you were in a location where you had to go to school to a private university, that cap would not fulfill the needs of the tuition required for expensive classes.

However, if you had your Montgomery GI Bill and you could use it within a one-year timeframe, it would cover those expenses, versus service members having to have it come out of their pocket. So, I think that I would like to see, once committed to a 4-year enlistment, maybe after a one-year period we can begin to tap into those funds, versus a 3-year period. That's my comment, sir.

Mr. FILNER. Thank you.

Petty Officer JOHNSON. Mr. Chairman, my concern was for military members who have been in for quite a while like myself. I joined the Navy in 1986, and during the time I joined my recruiter kind of made me feel like the Montgomery GI Bill was unattractive because it would cause a reduction in my pay. And I am wondering with that, would Montgomery GI Bill people from 1986—that era—would they fall up under the program, also? Would that automatically take over?

Mr. FILNER. I think as these bills are written now, there has to be a re-commit level of a certain amount of years. I mean, it doesn't just automatically serve. It is a problem that we saw, but we're trying to figure out how to deal with those who are in that position for a number of years—already vested, as it were. Has there been a thought about that, Ms. Cochran or anybody?

You are seeing the process. We're in the process of developing a bill, and you are helping us, so this is what democracy is all about.

Mr. KEHRER. Thank you, Mr. Filner. On the H.R. 1182 bill, the persons who would enlist after October 1, 1999 for less than 4 years, of course would still qualify for the current Montgomery GI Bill for an enlistment of 2 years—there are not many 2-year enlist-

ments anymore—or for 3 years, and, of course, could qualify for the kickers.

For those persons who already were in the military on October 1, 1999—if enacted—and were a beneficiary of the kicker, which can be worth \$50,000, as one of the persons said, that person, after the completion of a 4-year re-enlistment, would then have the choice of staying with the kicker program of about \$50,000 or opting for the 90 percent of tuition and fees. Thank you, sir.

Mr. FILNER. But it would require someone from the date of enactment of the bill doing more service. We can't do it retroactively. I think the cost of that becomes so enormous that it's difficult. That's an unfairness, I think, that we would like to try to remedy, but that's built into it right now.

Sergeant KRECH. Sir, I would like to make two quick points if I could. The Solomon Agreement—I think it was passed about 2 years ago—has given us the opportunity to get into the junior college market and the State college market, obtain lists from those institutions, and has increased the number of people that we can touch on a daily basis, because the fastest way for us to touch a lot of people is by the telephone.

I think Colorado has a law that requires high schools to release information to the recruiting command, and I would like to see the same thing in all fifty States that would increase the number of people that the recruiters can talk to because, quite frankly, when I was in high school I never talked to a recruiter. I didn't know of all the benefits that the Army had, and the military in general, and that's why, you know, I waited until 2 years after I graduated from high school to join the military. I think we should be able to get those names and numbers and have the opportunity to contact these individuals, and that would help us recruit, too.

The second point I wanted to make was, right now we have something called the SASVAB program (School ASVAB Program), where we actually can administer the ASVAB in a high school, and it's free to the high school and it helps the high school and helps the kids determine where their aptitudes are, and it's kind of a career planning thing; that's how we sell it to the high school. If we could do something similar to that, maybe administer the SAT, something that's going to help the school more, something that we can sell to the school more, and then offer it free to the schools, and then with the stipulation that they will release the information to us. This is going to help us pre-screen these kids in determining who is qualified because, quite frankly, a lot of the high school graduates are not qualified to join the military. And I think that would help us out a lot and help the school as well.

Mr. HAYWORTH. If anyone else would like to respond. Does someone want to move the microphone down?

Petty Officer GILL. Mr. Chairman, back to the question about what else would help us with this bill. In talking to my shipmates, a lot of them were concerned that people from previous service in the military that signed up for VEAP or the Montgomery GI Bill and they didn't use it, would they be able to—people coming out of the new bill—would they be able to maybe pass that on to their children or their dependents?

Mr. HAYWORTH. Does anybody just want to go ahead and offer that?

Mr. KEHRER. Thank you, ma'am. That is not a provision—the passing on of the benefit—in either of the bills, as far as I know. That is an issue that has been around for probably 15 years. The program would probably be difficult to administer, but that's not a reason not to do it. But we hear the point, and thank you very much for that point.

Mr. HAYWORTH. I thank the ranking member, and let me turn to the gentleman from Illinois, Mr. LaHood.

Mr. LAHOOD. Could you, a couple of you—I don't care which one; I don't think all of you have to do it—could you sort of recite for us—when you have an opportunity to meet with someone, what are the range of benefits that you talk to potential recruits about? And then the second part of that, what is sort of the hook? Is there any one thing of all the benefits that you talk to people about that sort of really ices it for you in terms of getting them to sign on the dotted line?

Sergeant JORNET. Sir, I believe that when we sit down—when I sit down—with a potential applicant, first of all what we try to find out is what is important to that person. When we find out what's important to that person, then we can determine what will appeal to that person in the military, and once we know what appeals to him then we introduce it. We show him how he can achieve it, how he can gain it in the Armed Services.

I don't think there is any hook, line, and sinker way of getting somebody, a one line that works on one out of ten applicants, or something like that. Each person is different. Each person has different needs. When you find out the needs and you can support those needs and you can best support them, then you can—what I say is, put that person in boots.

Sergeant AUSTIN. Sir, I would like to respond to that by saying that what we sell is a series of needs, what we call the MATTRES in the Air Force, which is money, advancement, travel, training, recreation, education, and satisfaction. Each young person that comes into my office, I establish their primary need first—what is the most important to them? Once I establish that need, then I will sell to that need.

However, I believe that as recruiters we are information-givers, and people that are coming in are seeking information. So therefore I do have three specific needs that tend to be 95 percent of everyone that comes into my office—95 percent of their needs—and that is, of course, education, money, and training. Of course, we do have people that come in to travel and to serve their country, but what I have found out is that most people are interested in how can they make some money, how can they get a comfortable living, education, of course, and what type of training will they receive that will benefit them from the time they leave the military, because we all understand that we all will have to leave the military at one time. So therefore I sell 100 percent of the time, for everyone that comes into my office, money, education, and training.

Mr. HAYWORTH. Thank you, Mr. LaHood. The gentleman from Texas.

Mr. REYES. Thank you, Mr. Chairman. I guess I am fortunate or lucky in that I come from a district—and having had to step out of the room, and I didn't hear the testimony, but I understand that part of the challenge that you as recruiters are facing is an attitude on the part of schools and maybe school administrations—but I'm fortunate in that.

For instance, we are sponsoring Army Week here starting on May 10, and one of the things that I did was I held a meeting with all the superintendents to solicit their help, and they were not only willing, but actually enthused with helping with the sponsoring of that Army Week. We've since planned on doing it for the Navy and then, ultimately, as well, for the Air Force.

I think part of the challenge that we face is two-fold. First, I think that it's difficult for us to sell the Armed Forces when we see the Armed Forces being treated as we have, really the last 10 years. Mr. Chairman, I want to introduce into the record an article that appeared in the Associated Press that cites—it deals with U.S. forces thinned because there is no carrier in the Pacific as a result of the emergency in Kosovo and the support for that—but it cites in here that we have gone in general strength for the U.S. Armed Forces from 3.8 million in 1989 to a current 2.4 million Active Duty and reserves. And I think we've seen——

Mr. FILNER (presiding). Without objection, we'll make that a part of the record.

[The article follows:]

Pacific Stars And Stripes

April 22, 1999

Pg. 3

## **U.S. Forces Thinned; No Carrier In Pacific**

By The Associated Press

WASHINGTON — The U.S. military, stretched thin following a post-Cold War downsizing, is feeling the pinch. Because of dual defense needs in Kosovo and Iraq, no aircraft carrier is plying the Pacific. Instead, Air Force planes there have gone on alert for any trouble.

The gap in carrier coverage the Pacific could last until the fall, when the USS Constellation arrive, defense officials said.

The USS Kitty Hawk, based out of Yokosuka Naval Base, Japan, arrived in the Persian Gulf on Tuesday to free up the USS Theodore Roosevelt to join the NATO airstrikes on Yugoslavia. The Roosevelt, based out of Norfolk, Va., arrived in the Adriatic Sea on April 5.

Now, the Pentagon again is scrambling U.S. military assets around the globe to meet a NATO request for 300 more U.S. warplanes for Kosovo. That could mean adding a second carrier, sending the USS Enterprise and its 75 aircraft — which just completed a six-month Gulf deployment — to the Aegean Sea instead of home, defense officials said. The Enterprise, based out of Norfolk, Va., reached the Mediterranean on Tuesday. More warplanes could come from forces around Iraq and Korea, too.

The Pentagon also is considering basing new planes in Turkey and Hungary, both NATO members, which could eliminate the need for a second carrier. Bulgaria and Romania on Tuesday gave NATO permission to use their airspace.

A senior defense official, describing the search for resources, said the U.S. military's "elasticity" is reduced since the Cold War when the Navy had 600 ships, for example, compared with 324 today. The official spoke on condition of anonymity.

In 1991, the Navy had 15 aircraft carriers plus one reserve, which is just enough to keep one each in the three places the Pentagon would like to protect 365 days a year — the Gulf, the Mediterranean and the Pacific.

But the Navy has had just 12 aircraft carriers since 1994, which means there are always gaps of weeks and sometimes months when the Pacific, Mediterranean or the Gulf goes without.

Maj. Gen. Charles Wald, a strategic planner for the Joint Chiefs of Staff, acknowledged that as NATO's Kosovo air campaign continues, "Over time, it will take a little bit of a toll." But he said the shifting of carriers and aircraft demonstrates the flexibility of today's leaner military.

"We adjust our forces as necessary," Wald said. "If an aircraft carrier moves, we can backfill that with aircraft, and vice versa."

During the U.S. military standoff with Iraq, which last flared With four days of airstrikes in

December, the Navy kept one or two aircraft carriers in the Gulf for 555 days in a row. That meant a gap in the Mediterranean and higher alert status for Air Force planes at Aviano Air Base in Italy — a major takeoff point for airstrikes now.

As Congress considers a \$6 billion White House request to pay for NATO military and humanitarian actions, House Speaker Dennis Hastert, R-Ill., said the Kosovo crisis has shown, "Our troops are stretched too thin, and our defense capabilities are now grossly inadequate."

Leaving the Pacific unguarded by an aircraft carrier for long could send the wrong signal to North Korea, China or Indonesia, now experiencing violence ahead of elections, the first defense official acknowledged. A visible U.S. military presence helps maintain stability, he said.

U.S. military doctrine calls for the Pentagon to be prepared to fight two regional wars at the same time. Defense officials insist that's still possible, even with the U.S. armed forces trimmed to 2.4 million active duty and reserves compared with 3.8 million in 1989.

In recent times of conflict, presidents have relied more than they used to on the National Guard and reserves. President Clinton is expected as early as this week to call up as many as 33,000 of those troops who would primarily support the expected 300 additional U.S. warplanes, including refueling tankers flown mostly by reservists.

Defense Secretary William Cohen hasn't yet given final approval for the new aircraft nor recommended the call-up.

Since NATO airstrikes began March 24, the Pentagon has diverted planes from the Pacific command and from Iraq operations.

The 300 additional U.S. aircraft would bring the NATO force to about 1,000 planes, nearly 800 of them American. More than 20,000 U.S. troops on ships and European bases are involved in the airstrikes.

The NATO deployment is still relatively small compared with the six-week 1991 Persian Gulf War, when the U.S. military used more than 3,400 combat aircraft, six aircraft carriers and 700,000 troops, including some who took part in a 100-hour ground war to kick Iraq out of Kuwait.

If a crisis erupted in the Pacific now, the Navy could deploy the USS Constellation, based out of San Diego, within two to three weeks, defense officials said.

Air Force planes also could be in action within 24 hours from bases in Japan and Alaska, although that would require using increasingly scarce refueling tankers. Planes based in the United States — such as B-52 bombers — could help in two regions, said an Air Force official, who spoke on condition of anonymity.

The USS John F. Kennedy, scheduled to deploy in the fall from Florida to the Mediterranean, could be called up faster and sent anywhere, defense officials said.

Jon Nylander, a spokesman for U.S. Naval Forces in Japan, said there is no set return date for the Kitty Hawk.

Navy officials said they have received no official complaints from the Japanese government regarding the Kitty Hawk's deployment to the Gulf.

All three of the carriers that have been based at Yokosuka, 30 miles south of Tokyo, have spent a tour in the Gulf, Nylander said.

In 1995, Navy officials said that carriers stationed in Japan would no longer take part in the normal rotation of carriers in the Gulf, Nylander said. But he added that the 1995 agreement was based on an understanding that if something unusual came up, then the Navy could send its "911" aircraft carrier from Yokosuka.

*(Adam Johnston contributed to this report.)*

Washington Times  
April 21, 1999  
Pg. 11

## **Carrier Enterprise En Route To Adriatic**

ISMALIA, Egypt – The aircraft carrier USS Enterprise passed through the Suez Canal yesterday on its way from the Persian Gulf to the Adriatic Sea to join NATO forces in action against Yugoslavia, shipping officials said.

They said the Enterprise was accompanied by three warships.

The United States and its NATO allies have been attacking Yugoslav targets for nearly four weeks to try to force it to withdraw its troops from the southern Serbian province of Kosovo and let hundreds of thousands of ethnic Albanian refugees go home.

Mr. REYES. Thank you, Mr. Chairman. I think we have seen that we have, unfortunately, been part of that problem, and it's not a partisan issue because in 1989 it was the Bush administration, now it's the Clinton administration. But I think we very seriously—if we're going to support the work that our recruiters are doing, if we're going to truly support the fact that our national security is at stake in supporting our military, we need to step up and do everything we can to stop this slide and deterioration of our military, not only resource-and manpower-wise, but obviously in terms of how we look at the military in terms of a career.

We can do a lot of things to promote the military as a career. As part of the visit by the Secretary in the next couple of weeks, we are going to recognize a committee that I have that actually interviews and facilitates the recruitment for all of the academies, and so we're going to recognize them at a luncheon to show how much we appreciate their work, but, most importantly, to also publicize that the military academies offer an education that is second to none. I don't care what anybody says; it's second to none.

So there are a lot of things that we could be doing to support your efforts. There are a lot of things that we need to be doing to increase our commitment to the men and women that wear the uniform and, ultimately, whose work actually we depend on for our national security.

I guess the only actual question that I have for you is, in the context of the different branches that you represent, what kind of a priority, what kind of support does recruitment receive? And I'll tell you why, because in one of my visits I happened to speak with an ex-Army recruiter that was now working here at the Pentagon, and he just didn't feel that while he was recruiting—and this was on the east coast—that he was getting the kind of support that was necessary from the Army to be able to carry out his mission. So, if you are willing and if it's something that you want to comment on, what kind of prioritization has our military committed to recruitment?

Petty Officer GILL. For one, sir, we are working on those issues, and I believe all the services are working on those issues—increasing tools, increasing the number of recruiters in the field.

For us, one of our problems also is the fact that we are not as visible. A lot of people don't know about the Coast Guard, so we're increasing the number of recruiting offices that we have and also the number of recruiters in the field, but still, in areas where, compared to the other services, you know our office may cover three or four times of a larger scale of area than the other services.

We could use more money for advertising to get the word out, also more community involvement and more involvement from veterans, retirees, and things like that to help pass the word out about the opportunities that are available.

Also with greater—with this bill and the other bills that are being worked on—for increasing the living standards that we have, better pay, because that's hard in competing with the civilian market and the way the economy is right now. Increase benefits, housing, the vacation, travel, and things of that nature, along with the educational benefits. All those things help us to better sell the service; just people and money, being able to get out to educate the

public as to what opportunities are available to them here, and that it's a great career, we have great benefits, educational benefits, pay, and things of that nature.

But those things definitely would help out a lot, because when they look at the military, why should they go to the military when they can go start out somewhere else making \$30,000? So why should they come and start off—some look at poverty level in being into the military, so we need things to help us in that area to increase the lifestyle of military members.

Mr. REYES. On a scale of 1 to 10, 10 being the optimum in terms of support within the military branch, where would you rank the support that you get for your job and your effort at recruiting?

Petty Officer GILL. For my actual command, what do I get?

Mr. REYES. Right.

Petty Officer GILL. From my service, sir?

Mr. REYES. Right.

Petty Officer GILL. I get 10. I get excellent support from my service, but like I said, when it comes to the budget and stuff like that, we don't have the money. We aren't going to budget the money.

Mr. REYES. So where would you—I mean, money is an important part of it. Where would you rank it, taking all factors into account?

Petty Officer GILL. All factors—the support that we are getting overall? Probably about a 5 or 6, sir.

Mr. REYES. Okay; thank you.

Sergeant JORNET. Sir, there's no doubt in any Marine's mind who the number one recruiter in the Marine Corps is, and that's General Kulack. With the Commandant being the number one recruiter, the emphasis is on recruiting. There's no doubt in my mind that anything I need is available to me, as best as the resources that my Commandant has.

The Marine Corps—going back to something you said that I would like to comment on, sir,—the Marine Corps runs an educators' workshop program where we actually take our counselors from the high schools down to Parris Island, and we show them what that's all about and the transformation period that young men and women go through. This has paid off dividends.

One of the other things mentioned before was our credibility with counselors. Credibility with counselors and parents has to be earned. You have to earn it, and once you earn it, if you don't tarnish it, it pays dividends. I own my schools. My credibility is great in my schools. My counselors will bend over backwards to support me in any way that they can. It's a credibility thing. As long as we don't tarnish that in our schools—and there have been, I'm sure, instances throughout the Nation where things have occurred in the schools by Armed Forces recruiters.

We have to represent ourselves professionally. We always have to be thinking about the benefit of the Armed Forces while we are in there, and if we treat people like we want to be treated we are going to really get what we need in the schools. In my geographical area, I find my schools very supportive, basically to get anything I need in them.

Something else I would just like to bring up, sir, is that the job is tough; there's no doubt about it. The answer isn't in money; the answer isn't in benefits, wholeheartedly. The answer is that we are

looking for a better qualified, more professional individual, and as we go to the cream of that crop, we are going have to continuously work harder and work harder. My recruiters work on the average of 60 to 75 hours a week. Out of four recruiters, we put on over 1,000 miles on our vehicle. We make over 1,400 phone calls in a week. The job is tougher. We need to give rewards where rewards are due, but benefits aren't the end-all answer to this. It's hard work.

Sergeant AUSTIN. Sir, in terms of support from my service, I would definitely have to say that our support is a 10 from the Air Force upper echelon, keeping in mind that they can only support us to the best of their ability with the money and the authority that they have been given. I would dare say that—I came into recruiting 3 years ago, and I would have ranked the support then at probably a 5 at that time, but we have implemented some serious efforts to increasing morale for recruiters, or in the recruiting command itself.

We have also implemented a program called the WAAR program, which basically stands for We Are All Recruiters, and that program tries to involve the Air Force community as a whole, meaning retirees as well as Active Duty service members, to let them be aware of the recruiting difficulties and that the image they portray on young people affects recruiting as a whole. So, our support is definitely, definitely good right now, sir.

Petty Officer JOHNSON. Sir, in regards to command support, definitely we get 100 percent. I would rate that as a 10. We get provided with everything that we need: recruiter aides, vehicles, recruiters. At this time I work in a large station, and we just got seven recruiters in our station, and they all have the same sentiment.

It's the support of the schools that we are having a problem with in my particular area, and if we had something—I don't know what it would take—but if we had something that would get recruiters out there and allow us to be a little bit more visible, where we can catch students in the freshman year of high school, too, instead of just waiting until senior year. It would give them an idea, and it would plant the seed of the military ahead of time. But the problem is, we are not allowed to gain access of the schools and receive school lists. It's a no-no in my area.

If you give an ASVAB, they always select what is called option eight, where there is no release of a telephone number, there's no release of an address, and we really can't do anything with that list. And they pretty much don't even release the list until the next year after those kids are already out of school and have gone on to college already. So, pretty much, we have no resources to the schools, as far as getting together and talking to the students.

So the support is outstanding. I have never seen such an outstanding organization just work, come together, you know, in terms of supporting their personnel, but like I said, again, it's the support of the educators.

Sergeant KRECH. Sir, the support of the Army is great. We need more money for recruiting; we need more ads; we need more publicity. I think everybody is aware of that.

But now when we talk about the support of the military, the reserve units are great. We go to the reserve units. We sign out a Humvee to drive around to the high schools and show the kids. You know, "Look, this is what you could be driving." Things like that.

But on the way here I was reading *Army Times*—and I always like to read the editorials and find out what everybody else's take is on issues going on—and there was an article by a retiree, and he said how terrible he had been treated. You know, how he wasn't getting the same benefits and how his benefits are going down and how the education program wasn't all that it was cut out to be. And he made an interesting comment at the very end, where he said, "I will not recommend the Army. As a matter of fact, I will tell everybody that I can get in contact with that is trying to go to college or trying to figure out what they are going to do after they get out of high school. I will tell them do not go into the military."

And prior service—when we talk about the support of the Army, I have to talk about the prior service. I have to talk about the retirees. Prior service can be our best friend, or they can be our greatest adversary. I mean, I could have a kid completely sold, ready to go on the floor, and lose him at the last second because mom said, "Nope. You're not joining until you talk to your cousin." And his cousin just got out of the Army or the Marine Corps, or whatever the case may be and said, "You know what? It's terrible. The VA's got so much red tape trying to get my benefits." Or, "I didn't get that much money." Or, "I would have been better off working straight out of high school."

So, I think that we need to look at the benefits that we are giving our service people. I think this bill would be great. What better people to support, their education, than the defenders of this country?

Mr. REYES. Thank you, Mr. Chairman.

Mr. HAYWORTH (presiding). Thank you, Mr. Reyes, and I appreciate all the comments and the candor this morning because you do help us. As the ranking member said before his schedule necessitated his departure, you are helping us as we try to fashion legislation that is needed under our constitutional mandate to provide for the common defense, and logically extend that to provide for those who provide for the common defense.

Gunnery Sergeant Jornet, you offer a very important point in terms of the power of one individual to work and to use, if you will, client or customer relations, I guess in the buzzword of business here in the late 1990's.

But Petty Officer Johnson, you relay to us, as others have on this panel, the very real concerns, and perhaps, again, I was worried that antipathy was too strong a term, but your subsequent testimony indicates that might be an understatement from me, which is a rarity—I think those who have seen what I've had to say from time-to-time here on the Hill. (Laughter.)

But rest assured that this committee, in a bipartisan way, will look into the difficulty you are having in getting access to schools, mindful of what the Gunnery Sergeant provides in terms of that practical advice of customer relations, if you will. But if there is no hostility there, and there is antipathy from those in the schools, all

I know is President Theodore Roosevelt called the White House a bully pulpit, but those of us who serve in Congress have a remarkable ability, too, to try and influence in a non-political way, but for the greater good, access to certain things, sometimes with our own very pro-active programs that we have tried to do in the sixth district of Arizona that Mr. Reyes has outlined in Texas.

I think you offer this as a clarion call to us for us to redouble our efforts in the schools to actively promote military service as a viable option. But more than that, we will take a very serious look—I want to assure you—into examining the nuts and bolts of how to overcome an antipathy and almost an impediment to you in your jobs and, therefore, sadly an impediment to the services and to defending our country.

Again, you offer eloquent first-hand testimony, and you are on the front lines, and with that, we are proud of you. We thank you for your thoughts. We'll continue to work this. Don't hesitate to write if you have some other comments for us, subsequently, as we continue to work on this. And with that, we'll dismiss the second panel, again, with a sincere thanks to all of you for your time.

We are very pleased to welcome our final panel. It is made up of Department of Defense officials. Panel three includes Vice Admiral Patricia Tracey, Deputy Assistant Secretary of Defense, Military Personnel Policy; Major General Evan Gaddis, Commanding General of the United States Recruiting Command; Rear Admiral Barbara McGann, Commander, U.S. Navy Recruiting Command; Brigadier General Peter Sutton, Commander, U.S. Air Force Recruiting Service; Major General Gary Parks, Commanding General, U.S. Marine Corps Recruiting, and Rear Admiral Thomas Barrett, Director of Reserve and Training, U.S. Coast Guard.

Ladies and gentlemen, we thank you, we welcome you. Admiral Tracey will give her testimony, and then we'll proceed with questions of both Admiral Tracey and all the members of the panel. And so now, if everyone is properly situated, Admiral Tracey, we would welcome your statement.

**STATEMENTS OF VICE ADM. PATRICIA A. TRACEY, DEPUTY ASSISTANT SECRETARY OF DEFENSE, MILITARY PERSONNEL POLICY; ACCOMPANIED BY MAJ. GEN. EVAN GADDIS, COMMANDING GENERAL, U.S. ARMY RECRUITING COMMAND; REAR ADM. BARBARA E. MCGANN, COMMANDER, U.S. NAVY RECRUITING SERVICE, MAJ. GEN. GARY L. PARKS, COMMANDING GENERAL, U.S. MARINE CORPS RECRUITING, AND REAR ADM. THOMAS J. BARRETT, DIRECTOR OF RESERVE AND TRAINING, U.S. COAST GUARD**

**STATEMENT OF VICE ADM. PATRICIA A. TRACEY**

Admiral TRACEY. Thank you, Mr. Chairman, and members of the subcommittee. I am pleased to have an opportunity to talk about something which is a keystone of our recruitment effort, the Montgomery GI Bill, this morning.

I have a written statement which I would request be submitted to the record.

Mr. HAYWORTH. Without objection, yes ma'am.

Admiral TRACEY. Thank you, sir. I would like to summarize my remarks, many of which I think you have heard from the previous panels. It's clear that education is a key incentive for young men and women to enlist in the military today. Evidence of that has already been covered, that it is among the primary reasons that most recruits give for why they have joined the military—to obtain money for college.

The enrollment rate for the Montgomery GI Bill has been on a steady increase, from 50 percent in the first year of eligibility to 96 percent in last year's recruits. The college fund: when services have chosen to use the Montgomery GI Bill kickers as additional incentives, they have been powerful tools to be able to recruit very high quality young men and women into skills that are particularly difficult to fill.

Even though the benefits of the Montgomery GI Bill have not kept pace at the rate at which college tuition costs have risen, it is among the most generous offers for college money that are available to the average student. The improvements that have been made throughout this decade, in particular the indexing to inflation and the 20 percent improvement in the benefit that was authorized for fiscal year 1999, mean that on average an individual using his or her benefit this year could expect to offset about 70 percent of their tuition and fees in a college or university.

All of that said, as you have heard, recruiting has been the toughest we have experienced in a long time in fiscal years 1998 and 1999. In 1998, we recruited about 180,000 young men and women; 94 percent of them were high school graduates, and 68 percent of them were in the upper mental group, so it was a high-quality recruitment cohort that is ready to meet the readiness requirements of the force.

But in order to meet those standards, two of the services missed recruitment numbers. The Navy missed by about 6,900 recruits and the Army by about 800 recruits. In fiscal year 1999, as, again, you have heard from the recruiters, services have increased the resources they have allocated to recruiting by substantial amounts, and we still continue to struggle in fiscal year 1999.

For the first 6 months, Navy and Marine Corps have both met their recruitment goals, but Army and Air Force have fallen short. We expect to meet the quality standards in both the education level and the aptitudes of the recruits that we bring in this year, but we expect that Air Force may miss by as many as 2,000 recruits, and Army may miss by about 6,000 recruits in fiscal year 1999.

What's contributing to that, I think, has also already been discussed. Obviously, it's the remarkably low unemployment rate, the booming economy, and the increasing propensity for high school seniors to enroll in college immediately upon graduation. We expect about 65 percent of high school seniors to begin college immediately upon graduation. That compares to only about 54 percent when the Montgomery GI Bill was first enacted in 1985, so that's been a substantial increase in competition.

There's a sense of, at least, lots of money being available for college, and in a booming economy more parents feel capable of paying for a student to go to school immediately out of high school. A funded continuing education benefit is increasingly common as a

pay and benefits package in private sector firms. Even low-tech firms offer continuing education benefits and college fund-like opportunities that look, at least on the surface, like the Montgomery GI Bill, and none of those, of course, require an individual to postpone education and serve in the military during the period in which they are postponed. So maintaining the viability of the Montgomery GI Bill bears constant watching to what the competition is outside.

These two bills both clearly indicate that the Congress is interested in maintaining that viability, as is the Department of Defense. As you would expect, we are most interested in those initiatives that will improve recruitment, maintain retention, and continue to be affordable over the long term. And I would like to talk about the two key elements that are common to both bills in that context, if I may.

Both bills would increase the value of the benefits substantially so that they would pay either 100 percent or 90 percent of tuition, books, and fees at a university or college of the member's choice. That would, we expect, make a substantial improvement in the recruiting incentive offered by the Montgomery GI Bill. We have not completely quantified those numbers yet, but as you would expect, every service would see an improvement. Air Force would probably experience the largest improvement because they don't currently have the college fund or GI bill kicker incentive.

We have not been able to complete yet an important computation, however, and that is whether the expected downturn in retention 4 years' hence would be offset by the improvement to recruitment. Those are calculations that we are still completing, and we would be happy to share those with the committee when we are done with those.

The Montgomery GI Bill kicker, as I've said, has been a powerful tool for us to recruit for hard-to-fill skills. As the benefit looks the same across all skills that people would enlist for, as every enrollee is entitled to similar cash value of the benefit, the value of the GI bill kicker as a discriminating tool that lets us fill particularly difficult skills would be diminished, and we've, again, not finished our full assessment of what the offsets would be for the loss of that particularly strong skill.

The second feature that is common to both bills is the removal of the requirement for the \$100-a-month subscription fee in the first year of enlistment—the \$1,200 subscription fee. Although we expect that would not have much of an impact on retention, it would be effectively a 10 percent pay increase for 96 percent of the force that signs up for the Montgomery GI Bill.

More importantly, it would mean that every service member was eligible for education benefits, either while they were serving or upon their transition to the civil sector. So it's an important aspect of both of these bills from our perspective. We would expect that that might have some impact on recruitment, although, again, we've not been able to quantify exactly how large that improvement would be, and it may only be a one-year hit as you transition from a benefit that you had to pay for to one that is essentially free to the member.

This is a powerful All-Volunteer Force that is comprised of very high quality young men and women who we have been able to recruit in large part because the Montgomery GI Bill benefit was there as a recruitment incentive. It stands ready to meet the Nation's requirements, and we stand ready to improve the benefits as we need to to continue to be able to recruit and retain men and women of this quality.

[The prepared statement of Admiral Tracey appears on p. 135.]

Mr. HAYWORTH. Than you, ma'am. Admiral, on page 9 of your written statement, you express concern that a greatly enhanced Montgomery GI Bill, quoting now, "would cause first term retention to decrease as more servicemembers would opt to leave to attend college," end quote. It is the committee's understanding that the services offer re-enlistment bonuses or retention bonuses of some type, plus, the committee understands that as a matter of force management, the service branches want only a certain percentage of first-termers to re-enlist. Would you please speak to the availability of re-enlistment incentives and to the force management issues with respect to first-termers?

Admiral TRACEY. Yes, sir, and both of those things, obviously, are true. We do use extensively re-enlistment bonuses, and in this fiscal year, for example, have substantially increased the amount of money that we have allocated to re-enlistment bonuses. Each service designs its own bonus program to match what its particular retention needs are and what it's experiencing in terms of the retention behavior of the force.

We would expect that there would be some opportunity to offset some increased losses in retention by application of those retention bonuses. We have not completed, however, an analysis of whether there would be sufficient offset available, given what we would expect to be a very attractive benefit for people to leave and use their education benefit.

The experience to date has been that Montgomery GI Bill kicker enlistments also experience a slightly lower attrition rate for people of the same caliber than people who have not signed up for that benefit. So we would expect that there may also be an attrition gain or a reduced attrition, if you will, from this kind of this incentive, and we have not completely quantified those effects. As we complete that analysis, we would be happy, again, to share that with you.

Mr. HAYWORTH. Thank you, Admiral. And pardon the pun, a couple of times now this morning in testimony, we have kicked around the notion of the kicker. You spoke of it in your opening statement here, and on page 9 and 10 of your prepared statement, you state that, quote "An enhanced Montgomery GI Bill that offered the same level of entitlement as the basic Montgomery GI Bill with in effect, a 'kicker' to all participants would eliminate one effective tool we have to recruit for important skills."—close quote.

The service branches do offer enlistment bonuses, do they not, that are bonuses other than kickers?

Admiral TRACEY. Yes, sir.

Mr. HAYWORTH. Let me turn to my colleague.

Mr. REYES. Thank you, Mr. Chairman. I'm curious, because in testimony before the Personnel Subcommittee, I think General

Gaddis made a somewhat, to me, startling statement that of every 100 high school graduates, only approximately 14 percent were suitable to recruited by the Armed Forces. And part of what I think is important is for you to expand on why such a low percentage would be suitable for the Armed Forces, and what, if anything, the Armed Forces could do to improve that percentage. Or, on the other hand, what would your recommendations be to the educational system, as it were, to bring that level up significantly so that there would be more young people that would be either eligible or attractive towards a military effort at recruitment?

General GADDIS. Congressman Reyes, Mr. Chairman, members of the subcommittee, thank you for this opportunity, and thank you, sir, for your great support, and I want to note that we do recognize the great support that you give us.

To answer your first question, we work on what we call a target market. The population, generally, is considered to be the male population of 17 to 21 years old. That target population probably sits in the area of 10 million to 14 million people, and don't hold me to exactly that number, but of that target population we see about 1.4 million that meet our current criteria.

And I could break that down; it's probably easier to submit for the record, but just to give you an idea, four percent in that target population are already in service or prior service; 39 percent are in college; 2 percent are institutionalized; 11 percent are in high school; about 10 percent are medically or morally disqualified, and then about 19 percent fall in the lower mental categories on the ASVAB test, that we don't accept because they don't meet our qualifications. That leaves about 16 out of every 100, and I would say between 14 and 16, but about 16 out of every 100 that are eligible to meet military service in the Army.

Now, the second part of your question, Are there ways to expand it? Yes, there are, and there are more qualified people. We are looking right now, and I think with the Department of Defense, at other alternatives that would expand that market. Right now we limit the number of applicants into the Army, that 90 percent must have a high school diploma. We know now that from the time that we put that criteria in that things have changed, such as home schooling. Children—I shouldn't say children—young adults now making choices to step out of high school earlier, take a GED test, and then go on to college, and we know that many universities accept that GED—Stanford, any of the military academies accept that right now, but we don't.

So what we're looking at are other alternatives to expand into the GED market, and we're looking at other alternatives because we know right now that the high school diploma is a good indicator that they will stay with us longer, which I would call retainability; that those in the past, with the alternative education diploma had attrited out at a higher rate.

However, we are also looking at studies now that show us that other factors, such as maturity and propensity tied with that GED would probably better serve us. I think we've got—we don't have all the information that we want there, but we have anecdotal data that would tell us that those are good alternatives. So, I think we need to look into that, and right now I believe the Army is looking

at expanding into the GED territories to get high quality people—and I stress again that's high quality people—because we have no intentions of lowering our quality marks.

I would also say that I agree with everything that Admiral Tracey stated in her opening statement, but I think one thing was understated, and that's the situation that we, especially the Army—and I'll speak only for the Army right now—when we talked about where we are. We forecast that we will miss this year's regular Army accession at about 6,000 or more, and that we missed last year's objective by about 800. That's not exactly correct because today, 54 percent of the missions that the Army carries out are supported by our reserve components. Right now we forecast missing the USAR mission—U.S. Army Reserve—by 9,000 this year. We missed it by 3,000 last year. We have got to look at that total package.

So I am very concerned about, not just the regular Army, but the U.S. Army Reserve, because we are inextricably linked on our missions, and you see that today. We have to look at that also. So I think that forecast is a little bit more bleak, that we've got to do something more, that we've got to put more assets at it.

And if I could capitalize on this opportunity to what my recruiter said about the competitive edge, we need to understand that the U.S. Army's mission is unique, and that's not saying anything against our sister services. It's to say that my mission, when you count the all-Army—Guard, reserve, and Active Duty—it is 184,000 enlistments this year. That's bigger than all the other services combined, so these bills we need. But I will tell you, we also need a competitive edge. Those are huge numbers, and we do not have the budgets right now to support that.

You asked, do we get the support we need? The answer is, my service, my leaders, give us all the support that they can. I will leave here and I will go to a budget meeting where we will determine how much money they can give me, and I know right now that the competition is, will we get to train our helicopter pilots, or will they give the money to me for recruiting? That's a situation we should not be facing.

Thank you for the opportunity, sir.

Mr. REYES. Thank you, Mr. Chairman.

Mr. HAYWORTH. I thank the gentleman from Texas.

One question for each of the recruiting command Generals and flag officers. Could each of you offer insight to the committee, please? Understanding that you have no crystal ball, what is the likelihood that H.R. 1182—that is the bill that would pay 90 percent or 100 percent of tuition or fees—could help in recruiting high quality youth to the All-Volunteer Force? And since we are dealing with—we've talked a lot about students taking standardized exams. I've got a little multiple choice for you that you can choose from. For example, unlikely, likely, very likely, and you can add your own modifier, I suppose, to that, and we'll just take it in order, please, if you can offer some thoughts.

Admiral MCGANN. In answer to the multiple choice, Mr. Chairman, very likely, but it's very important to approach recruiting with a balanced approach of incentives. No single incentive is a panacea. I have been associated with recruiting for one-third of the

near 30 years that I have served, and the environment is different today in that I do recruit a larger number of individuals for some very sophisticated skill areas. And so it's extremely important to be able to target those individuals with higher scores on the Armed Forces Qualification Test to meet those important skill areas, so I don't believe any single incentive is a panacea to either recruiting or retention.

General SUTTON. Mr. Chairman and committee, thank you very much for the opportunity. I would say that the addition of this bill would be a plus for us, and I would rate it at likely to very likely. We screen about 10,000 of our entrants into the Air Force each year by questionnaire to find out what motivates to come. Certainly the recruiters see it on the street when they talk with the individuals and assess their specific needs, but we also screen. The number one item that's mentioned for why an individual comes into the U.S. Air Force is education, and your bill speaks to the heart of education. Certainly we also are offering other opportunities for education in all of the services and have the various programs and kickers and so forth, but this is a substantial bill.

It's important to remember that one of the major reasons we face difficulty, and there are several reasons, but one of the major reasons is unemployment at an all-time or at least recent low—4 percent. We know young people have plenty of options. It's not just college; it's certainly job opportunities, but education still is the number one-ranked reason, and so I think this bill would have a very positive effect on Air Force recruiting, at least.

General PARKS. Mr. Chairman, and members, I would reinforce the same approach as my colleagues. Specifically, in answer to the multiple choice, I would say very likely to support us. I would go on to say that you have heard in various forms and using various words today how difficult recruiting is. If you pick up any newspaper, you knew that before we came before you this morning, obviously the thrust of what we are here about, so that an enhancement in the case of education being one of the major factors—whether it's one, two, or three is irrelevant—but it's one of the significant factors to our enlistees or our prospective enlistees.

Similarly, I think that's juxtaposed against the comments you heard by the recruiters, whereas some of the counselors view us as a detour to that education versus an enhancement to it. I think this would be a loud and clear signal from Congress, from the United States, that military service is important. We can offer kickers, and we do. You have heard those described and referred to, but that's done at a lower level. It's done by a service level. It's done by a recruiter explaining what we offer vis-a-vis someone else.

To do that at a national level signals a far different emphasis on the importance of military service. I think that would reinforce, one, the importance and value of military service; two, the support to educators, particularly the counselors, who are so instrumental in the lives of these young people, that we are pro-education, that we value education. Education is important to us, and to be promotable in the military today, regardless of the service, whether you are officer or enlisted, education is an absolute must. We do it routinely, not in the form of college, but in the form of specifics

internal to the service, so we want that. We want those educational aspects.

And I think, finally, one of the things we have seen or have been referred to are the erosion of benefits over the years, and that, once again, this would be a signal to the country that we value military service, we value the education of our servicemembers, and it would resonate well with the mothers, fathers, and grandparents who recall and have possibly used the GI bill to establish them in years past.

**STATEMENT OF REAR ADM. THOMAS J. BARRETT, DIRECTOR  
OF RESERVE AND TRAINING, U.S. COAST GUARD**

Admiral BARRETT. Mr. Chairman, thank you. Good morning, and thank you and the members for including the Coast Guard, your smallest armed force on this committee this morning. We appreciate it.

In answer to your specific question, I think it's very likely, and I would just like to amplify that and echo a couple of the other comments. I think, clearly, education, as you have heard so many times, is key to the reason people enter the services today. I think in a recruiting environment that's difficult. We need not only access to greater numbers, we need access to quality. We need the young men and women who want to go on to college to join the services as a vehicle to getting there.

In terms of my own service, the Coast Guard, as you know, is small. We place tremendous demands on our young men and women. They not only operate in a higher tech environment, they face multi-missions. We put people out where they interact with the public routinely in very difficult law enforcement, political, and personal environments that affect safety, the environment, and their judgment and skill. We need talented young men and women to carry out those missions successfully, and I think that one of the primary attractions of the Montgomery GI Bill is the character of the people that it helps draw into the service; not simply the numbers, but the quality that we get and we need.

And I think in amplifying the other comment, I think that the school issue—I compliment the Marines for their community outreach from the Marine recruiter effort, but, you know, if you look around—I see this, even in the local area here—schools market themselves on how many of their graduates they send on to college. They take great pride in advertising that 80 percent of our graduates, or 90 percent of our graduates, have gone on to college. You don't see them advertising that we had 200 people last year successfully enter the United States military. I think that's absolutely critical, and any signal you can send that enhances and values the education it offers is a very positive one. And I know it's difficult. You have to take into account, as Admiral Tracey noted, the impact on retention. You've got budget issues to confront, but I think it's valuable.

And, finally, sir, because I do come from a different department, I did have a statement for the record, and with your permission, I will simply submit it.

Mr. HAYWORTH. Without objection, and the chair would say to everyone who has provided separate statements, or anything, they certainly will be added to the record without any objection.

[The prepared statement of Admiral Barrett appears on p. 147.]

Mr. HAYWORTH. We thank you all for your testimony. The mechanics of the House of Representatives being what they are, kind of harkening back to school days—we've had the bells ring, and we must go to the floor.

I thank my colleague from Texas for being here. I thank everyone who has offered testimony this morning, and let the record indicate that our former chairman and ranking member, our good friend, the gentleman from Mississippi, stayed throughout, so he has more than a casual or cosmetic interest in what has transpired.

We don't need cosmetic solutions. We need to get to the heart of this problem, and you have helped us arm ourselves with the knowledge necessary to offer for the arsenal of our democracy. Thank you, and with that, the committee stands adjourned.

[Whereupon, at 11:58 a.m., the subcommittee was adjourned.]



**H.R. 1071, THE MONTGOMERY GI BILL IMPROVEMENTS ACT OF 1999, AND H.R. 1182, THE SERVICEMEMBERS EDUCATIONAL OPPORTUNITY ACT OF 1999**

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**THURSDAY, MAY 20, 1999**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON BENEFITS,  
COMMITTEE ON VETERANS' AFFAIRS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 334, Cannon House Office Building, Hon. Ray LaHood (chairman of the subcommittee) presiding.

President: Representatives LaHood, Hansen, Hayworth, Filner, Reyes, and Evans.

**OPENING STATEMENT OF HON. RAY LAHOOD, ACTING CHAIRMAN**

Mr. LAHOOD (presiding). Well, good morning. We will begin our hearing.

I want to welcome everyone to the second of two hearings on H.R. 1071, the Montgomery GI Bill Improvement Act of 1999, and H.R. 1182, the Servicemembers Educational Opportunities Act of 1999.

At our April 21 hearing, the subcommittee focused on the recruitment aspect of the Montgomery GI Bill. We received testimony from the officials of the Defense Department and from recruiting command general officers and field-based recruiters from each service branch. At our April 21 hearing, we also had the very good fortune to receive testimony from a revered American, former Chairman Sonny Montgomery and former chief counsel of the House Armed Services Committee, and Assistant Secretary of the Army Mr. Kim Wincup.

All of the Defense witnesses unequivocally stated that money for college consistently ranks as the main reason that young men and women enlist. And that both the Stump and Evans bills very likely, if not demonstrably, would help recruiting. We learned from Deputy Assistant Secretary of Defense for Military Personnel Policy Admiral Patricia Tracey that since its inception in 1985, the value of the Montgomery GI Bill, when adjusted for inflation, has grown only 24 percent while college costs have risen by 49 percent.

We also learned from Admiral Tracey and the Army's General Evan Gaddis, in response to my friend Silvestre Reyes' question, that the universe of 17-to-21-year-old males, from which the mili-

tary gets their recruits, is about 14 or 16 out of 100. And that is because today some 65 percent of youth go on to some form of post-secondary education immediately out of high school. Others are medically or morally unqualified. And others do not meet the education or aptitude requirements. And that nets out to be about 14 or 16 out of 100 who potentially could be available for military service.

Finally, we learned that in one year, the Army recruits more individuals than the Navy, Air Force, Marine Corps, and Coast Guard combined. So, in a sense, the effectiveness of the Montgomery GI Bill, as a recruiting incentive, is very much linked with the success of Army recruiting. And the Army estimates it will miss its active-duty recruiting objective this year by 6,000 and its Army reserve objective by 9,000.

I mention the recruiting dilemma and the service branches' great interest in the Stump and Evans bill because, due to the wisdom and foresight of Sonny Montgomery back in 1984, not only will each of the committee's bills help recruiting, but we believe both bills would provide our veterans a readjustment opportunity that essentially would allow them to attend any school in America, limited only by their own aptitudes, abilities, and initiative. That is the beauty of the GI bill as Sonny Montgomery first conceived it, a permanent program to bolster both recruitment and readjustment.

I know that there is a group here from 21 VA regional offices from around the country. And we certainly do welcome all of you, and if someone would like to stand and be recognized, we would be happy to do that.

[Member of audience stands to be recognized.]

Mr. LAHOOD. Thank you. Thank you for being here. Hopefully, you will be able to learn something from the witnesses and the testimony that is offered.

I would like to offer either member an opportunity for an opening statement or any comments you would like to make.

Mr. REYES. Thank you, Mr. Chairman. And I know that Mr. Filner is en route here, but I do have an opening statement, also for the record.

[The prepared statement of Congressman Reyes appears on p. 153.]

Mr. REYES. And I do want to associate myself with your remarks about the importance of these hearings and I appreciate you scheduling them. We look forward to hearing the testimony. I apologize in advance because I also have to chair the Hispanic Caucus meeting at 11 o'clock so I will leave for a period of time at that time.

Mr. LAHOOD. Well, thank you for being here. Thank you, Mr. Hansen, for being here.

Our first panel will include Ms. Nora Egan, Deputy Under Secretary for Management, Veterans Benefits Administration, and Mr. Dennis Douglass, Deputy Director of Education Service, Veterans Benefits Administration. If both witnesses would come forward.

Welcome, Ms. Egan and Mr. Douglass. And, Ms. Egan, if you would like to begin, we would be happy to hear from you.

**STATEMENT OF NORA EGAN, DEPUTY UNDER SECRETARY  
FOR MANAGEMENT, VETERANS BENEFITS ADMINISTRATION  
ACCOMPANIED BY DENNIS B. DOUGLASS, DEPUTY DIRECTOR  
OF EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION,  
DEPARTMENT OF VETERANS AFFAIRS**

Ms. EGAN. Thank you, Mr. Chairman.

Mr. LAHOOD. Can you pull the microphone real close to you because we have a little problem with our sound system here and we want to make sure those who are taking down the testimony can hear. Thank you. Welcome.

Ms. EGAN. Okay. Is that sufficient? Can you hear me? Okay, fine.

Mr. Chairman, members of the subcommittee, I want to thank you for the opportunity to be here this morning to testify on H.R. 1071, the Montgomery GI Bill Improvements Act of 1999 and H.R. 1182, the Servicemembers Educational Opportunities Act of 1999; and to have an opportunity to share with you our views on enhancements for the Montgomery GI Bill.

These bill would substantially enhance our ability to provide transition benefits to servicemembers and I think it also offers us an opportunity to create an environment in which individuals can be educated in the way education is delivered today, much more flexibility than perhaps the current structure allows. As you noted this morning, Dennis Douglass, who is the Deputy in Education Service, is with me today. Dennis does have 16 years of service in education and if the questions get too technical, I will refer them to him because he is much more the program expert than I am.

Mr. Chairman, I also appreciate the fact that you recognized the participants in our leadership development program. These folks are our future. They are the individuals who we hope, will take up the responsibilities for taking care of veterans in the future. And we thought it would also be a good opportunity for them to be here today to see how the Executive and the Legislative branch can interact to derive a better benefit program for those whom we serve.

I also want to acknowledge and, to be perfectly frank, apologize to you for the lateness of the submission of our testimony. I am aware that you did not receive it until this morning. I also am extremely and acutely aware, I want to say, of the disadvantage at which puts you, the other members, and the staff. I apologize and I regret the circumstances which caused it to be so late.

I think, as you know, VA has not officially responded to Congress with regard to our position on the Commission on Servicemembers and Veterans' Transition Assistance. The fact that we have not done so reflects the fact that it has not been completely vetted within the Executive branch. Since much of the legislation we are going to discuss today is derived from that report, our efforts to reach a conclusion within the administration on our position on the Commission's recommendations and our testimony got tied up together. And, as a result of that, it was late getting to you.

I do apologize. I had said earlier that I was going to fall on my sword. I really think I probably need a lance because it was extremely late. And I promise that we will do our best to be more responsive to your needs. We had plenty of advance notice on this

hearing and there really is no excuse for us being this late in responding to you.

That said, I also want to acknowledge that we believe very much in the work that was done by those on the Commission. In fact, we had the opportunity and are proud to say that we provided staff support to that Commission. Additionally, Under Secretary for Benefits Joe Thompson served as an ex officio member and also was very active in the Commission's deliberations. The Commission's report covers a wide variety of benefits, not only for active-duty servicemembers, but for veterans. But those which we are going to discuss today, our educational benefits, in my view, form some of the backbone of those other benefits.

We are pleased also that the committee has responded so quickly to the recommendations of the Transition Commission. And despite what we may eventually decide are differences in our approach or opinion on this, I want to assure you that we look forward to working with you in the next several months to finalize what is appropriate in terms of the Commission's recommendations and legislation that would derive from those.

As I noted earlier, both pieces of legislation would substantially enhance the Montgomery GI Bill. And, to me, it also demonstrates a very strong commitment to those who are serving in our Armed Forces as well as to veterans. Consideration of ideas like this provide us with an opportunity to assess where we are today and where we need to be tomorrow as we try to meet our responsibility for meeting the needs of recruitment and readjustment for servicemembers and veterans of the 21st century.

In general, sir, I feel comfortable saying that VA supports strengthening the value of the Montgomery GI Bill benefit and also providing educational opportunities that are more consistent with the way people learn today. The latter has changed dramatically over the last several years and the current construct of our legislation does not easily enable us to adapt to those needs.

That said, I have to note that the improvements will, in some cases, be very, very expensive, as they are proposed. The PAYGO estimates that we have for those, for a 4-year period, would range anywhere from \$1.2 billion to \$1.4 billion, depending on what was enacted. And, in fact, the cost of the programs would increase in the out-years. While we appreciate the efforts of both the Commission and the committee, we also believe that the enhancements to this legislation need to be very carefully considered in light of overall costs of the program and determining what the appropriate level of the benefit is.

We also note, and particularly in reading some of DOD's testimony, that we do have some concerns and would want to work with DOD and with you, that some of the benefits for transitioning servicemembers would be so attractive as to have an adverse impact on retention. I think that is something we would want to look at.

From our perspective, the administration of the Montgomery GI Bill, in terms of providing a transition for servicemembers, is one of the most important things that we do. It is our duty to assist those men and women during this transition to be able to enter civilian life and be productive, contributing citizens. They should also

be recognized because they have served their country well in far-flung parts of the world, often in harm's way, as we have today in Kosovo.

The world to which they are transitioning is very different than in previous eras. The Montgomery GI Bill is crafted to enhance both recruitment and retention and provide this transition. We need to ensure, and this is a challenge for us, that the bill, the legislation, the programs that come as a result of these deliberations, provide an adequate financial benefit and the flexibility to help people. We are charged with making that happen, based on what you legislate.

I also believe that part of meeting that challenge is improving our outreach efforts. As a result of the legislation enacted from this committee last year—for which I thank you all, the Veterans' Programs Enhancement Act of 1998—the VA is required, at that 12-month mark, when a serviceperson has finished his or her contributions to the Montgomery GI Bill, to provide information to them on the nature of that benefit. I want to show you today that this is what we have developed. I will be happy to get copies.

[The information follows:]

## IS THERE A DEADLINE FOR USING BENEFITS?

There is a deadline for using MGIB benefits. Benefits generally end 10 years from the date of your last discharge from active duty.

## HOW CAN I GET MORE INFORMATION?

For more information, contact these sources:  
Education Services Officer. Your military Education Services Officer can tell you about tuition assistance that may be available from your branch of service while you're on active duty

- the advantages and drawbacks of using MGIB benefits while in service
- additional sources for financing your education
- the amounts and qualifications for the College Fund

VA. You can also contact us at VA by

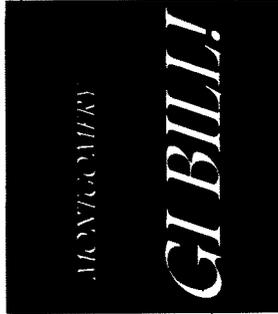
- calling toll-free at 1-888-GI BILL 1 (1-888-442-4551) or
- visiting us through the Internet: [www.gibill.va.gov](http://www.gibill.va.gov)

Other sources. Check these sources for more information about educational opportunities:

- DoD Voluntary Education Program at [voled.dod.mil/index.htm](http://voled.dod.mil/index.htm)
- [www.collegeispossible.org](http://www.collegeispossible.org), a resource guide from The Coalition of America's Colleges and Universities

**So keep up the good work!**

- ✓ Focus on your future.
- ✓ Plan for your education.
- ✓ Take full advantage of the



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You may be eligible now to buy a home with no downpayment. To find out more, call 1-800-827-1000 and request the pamphlet on VA-Guaranteed Home Loans—or go to our Web site: [www.va.gov/flag/loay/index.htm](http://www.va.gov/flag/loay/index.htm)

Department of Veterans Affairs  
Veterans Benefits Administration

For information on other VA benefits, call 1-800-827-1000 or check our Web site: [www.va.gov](http://www.va.gov)



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22-99-1  
May 1999  
P95172

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Washington, DC 20420

## WHAT'S THE MGIB?

The MONTGOMERY GI BILL—Active Duty is an educational assistance program enacted by Congress to attract high quality men and women into the Armed Forces.

The MGIB provides financial assistance to help you obtain the education you need to build a secure future for you and your family.

## HOW CAN I QUALIFY?

You've met the first requirement for MGIB benefits by agreeing to have your pay reduced by \$1,200. (Note: the \$1,200 is not refundable.)

Now, all you need to do is

- 1) continue in service, and complete the period you obligated for at your first enlistment.
- 2) receive an honorable discharge when you are separated from service.

**Note:** Additionally, if you don't have your high school diploma, you must obtain one or an equivalency certificate before your first period of active duty ends.

### Exceptions:

**Onligated period.** If you are discharged early for convenience of the government, disability, or hardship, you may still be able to receive MGIB benefits.

**Benefits while in service.** You may use MGIB benefits while in service after you have served two years of active duty. However, for most people, waiting until after service gives you better value for your money.

Why? For two reasons:

- Your monthly rate will usually be much lower than the benefit you can receive after discharge.

For benefits in service, we can pay only tuition and fees. This amount will usually be much less than the rates shown in the table; it *cannot be more*.

- You will use MGIB entitlement that you may need after you're separated from service. Example: to complete a four-year degree program after discharge, you may need all your entitlement.

**Note:** This is not a certificate of eligibility. To receive benefits, you must file a claim with VA.

## HOW MUCH CAN I GET?

The table below shows the current full-time training rate for schooling. Payments for other types of training follow different rules. We'll provide more details later in your service career.

### After Discharge:

Rates for College or Vocational School (as of 10/1/98)

Service Obligation	Monthly Rate, Full-time training*	Total Benefit for 36 months of training
2 yrs	\$429	\$15,444
More than 2 yrs	\$528	\$19,008

\*If you take training part time, the rates will be lower.

Additional amount from the College Fund. You can receive an additional amount if you qualify for the military's College Fund (also known as a "hicker"). These funds are given for certain occupational specialties.

## WILL THIS COVER ALL MY EDUCATION COSTS?

If you look into the costs of education today, you'll learn that the MGIB may be enough to cover the costs of some college or vocational school programs, particularly state or community college programs. But for many four-year colleges and universities, you'll need additional financing. (See *How Can I Get More Information?* on the other side of this brochure.)

## WHAT'S THE LIMIT TO BENEFITS?

Benefits you can receive are limited as follows: **36 months maximum.** If you complete the full period of your enlistment, you may be entitled to 36 months of full-time MGIB benefits.

If you're discharged for the convenience of the government, you can still receive 36 months, if you complete

- 20 months (for an enlistment of less than three years)
- 30 months (for an enlistment of three years or more)

**Less than 36 months.** If you are discharged early for certain other reasons, such as hardship, you will receive only one month of entitlement for each month of active duty. (Example: 20 months of benefits after discharge for hardship after 20 months of active duty.)

Ms. EGAN. We are working right now with DOD to identify the appropriate list and we expect the mailing to begin early this summer. In addition to providing information on the Montgomery GI Bill, we provide information on loan guarantee, options to which active-duty service would be eligible and we also have some information here that would direct folks to our Web Page which would give them an overall description of the benefits to which they may eventually be entitled.

Mr. LAHOOD. Could you pass that up here, please?

Ms. EGAN. Sure.

Mr. LAHOOD. Thank you.

Ms. EGAN. We have worked very closely with DOD on this. Again, there is a fine balance between wanting to have an appropriate outreach program and also not wanting to impair DOD's ability to retain individuals in the service. So we have worked with them on the development of this brochure, Mr. Chairman.

Another thing that we are doing to try to meet the challenges, we are in the process of a program evaluation of all the education benefits. This evaluation is being conducted in accordance with the Government Performance and Results Act. We expect the results of that evaluation to be available early in the fall, and we believe the information which will be derived from that report will enable us to do a better job at assessing and making final recommendations on both the Commission's recommendations as well as legislation.

Mr. Chairman, this concludes my oral presentation. I am happy to answer any questions that the committee might have.

[The prepared statement of Ms. Egan appears on p. 155.]

Mr. LAHOOD. I assume Mr. Douglass is here as a resource for questions.

Ms. EGAN. Yes, he is.

Mr. LAHOOD. Mr. Filner, if you would like to make an opening statement or any other comments, you are welcome to do so now.

#### OPENING STATEMENT OF HON. BOB FILNER

Mr. FILNER. I thank the chairman and I apologize for being late and missing some of the opening remarks. But I have your testimony, and I do want to ask you some questions about it.

We have a lot of witnesses, and it is a most important issue. We did focus in a previous meeting of this subcommittee on the GI bill as a recruitment incentive and, of course, we know that several of the services, the Army and the Air Force specifically, failed to meet their recruiting goals for the first two quarters of this Fiscal Year and the Navy is also below its targeted readiness level. So we have looked at incentives to improve that situation.

We also know that the DOD's youth attitude tracking survey shows that, in 1998, only 26 percent of those who were in the age group 16 to 21 expressed an interest in military service. And, of course, that compares with a much higher figure who were seriously considering this just a few years earlier. We know also that more than 800,000 veterans have used their GI bill, but that is only 51 percent of the veterans who have eligibility to use it. And that the buying power of the existing GI bill has plummeted since its implementation back in 1985. So I think the conclusion is clear that the current GI bill is failing as a meaningful readjustment

benefit and as an effective recruitment incentive and I think it is up to us in Congress and the VA and the Administration to ensure that the improvement of the current GI bill becomes a top priority.

I have cosponsored H.R. 1071, the Montgomery GI Bill Improvements Act, which would give us a program that would provide those incentives and enhancement. I am a little frustrated that you don't have an opinion on H.R. 1071 officially. This has been around now for some time, since the early part of this year, but it has been discussed, you know, for far longer than that—and this bill pays the full cost of tuition and fees for those who enlist or reenlist for 4 years. It provides a subsistence allowance of \$800 a month and eliminates the basic pay reduction that we require now and has some benefits for those who enlist for fewer than 4 years.

I agree that the Transition Commission report was accurate when it said that veterans earn and deserve a Montgomery GI Bill that ensures that the only constraints on their education is their ability and ambition.

What frustrates me about your testimony this morning is this is a credible suggestion. It came from a commission that studied this for a long, long time. It has been put into legislative form. And expected the VA, of an Administration that I support very strongly on virtually every issue, that this Administration would see this bill as a vehicle to show how much they support veterans. The lack of comment on this follows on the apparent lack of advocacy that was expressed in the budget submission by the VA and continues.

We know the budget constraints. We also know that we supposedly have some sort of surplus that is being projected. The veterans in my district and throughout the country see a disconnect there. They don't see a VA fighting for them and when something comes along that could be a major, major improvement for them and for our ability to attract and maintain our readiness, the VA says, well, maybe—when? In the fall, did you say you would be ready?

Ms. EGAN. We have a program—

Mr. FILNER. I mean, come on, I looked at that report and I said, that is great. I don't know why you guys can't do the same thing. I know you have a big bureaucracy. I know you have bureaucratic constraints. But our veterans want to hear from our Department of Veterans Affairs that they support them. And if you just came out or if the Secretary came out and said, this is a great idea and we are going to work within the constraints of our budget to realize it, that is one thing.

But to give us all of this language of neutral bureaucracy—"we are going study it" and—"further analysis is needed." That is not what our veterans are looking for from the VA. I am little embarrassed by my Administration that I support that looks so weak on this stuff. I mean, I thought the budget submission was a disgrace and this inability to even comment on something that the commission that was set up studied for a long time. I think it is worthy of a response by our Administration. You are free to comment on my frustrations if you would like to.

Ms. EGAN. Mr. Filner, first of all, I do appreciate your frustration. And I recognize that the committee has a right to expect that at this point that our response might be more forthcoming. One of

the limitations on my ability to respond to you today on specific legislation is that the Department's overall response to the Transition Commission's report has not been completely vetted within the administration or through the Executive branch. Because of that and because there has not been a final position taken on some of these issues, I must, obviously, operate under those constraints.

That said, I would like to also make as a matter of record, that the Department of Veterans' Affairs does not for one minute believe that the Montgomery GI Bill, as it is constructed today, provides an adequate benefit. We absolutely believe that that benefit needs to be enhanced for the same very data, sir, that you quoted, both in terms of recruitment and retention in the military and the utilization rate, which I think our latest figures show 54 percent; but for folks who contributed \$1,200 that is not a sterling record.

One of the issues still under discussion is the level of that benefit, the potential cost implications of offering the full benefit. There are a number of those within the administration who have been participating in the discussions who believe that perhaps more data may be warranted before making a final recommendation on the dollar value or the extent of the benefit.

Again, while I can appreciate that frustrates you, that is an issue that is very—

Mr. FILNER. I am not questioning your personal commitment.

Ms. EGAN. No, I understand—

Mr. FILNER. And I know if you had the chance today, you would add, some benefits, et cetera. I just wish you all would have a little weekend discussion on the use of your language. I mean, you just answered my question with: "this hasn't been fully vetted, yet."

Think about what that means to a real human being who is either thinking about enlisting or thinking about reenlisting or wanting to pursue education. You are talking about people with real situations and you give them a bureaucratic sort of language which just takes out any sense of feeling or emotion about their situation. I think you all ought to be using a whole different language that says, damn it, we support our veterans and we are going to do everything we can to live up to our commitment and to make sure that our readiness is enhanced by having these benefits!

I would just talk in a whole different language and begin to show our veterans and those who might become our veterans that we appreciate them and we want to do something for them. And we are just *not* doing that as an Administration or as a Congress either, overall.

Ms. EGAN. I appreciate that. The official language that transpires here and becomes part of the statement is very different than the language I would use if I were speaking to our constituents, I assure you.

Mr. FILNER. I thank the Chairman for allowing me to vent here.

Mr. LAHOOD. Mr. Hansen.

Mr. HANSEN. Thank you, Mr. Chairman. I am amazed as new member of this committee how many calls I have received on this legislation. It just has overpowered every other piece of legislation I have looked at for a long time. I apologize but I have got to be over at the Capitol on another matter, but I will try to get through all of this so I can get up to speed on this potential legislation

which I find very interesting. Thank you for your testimony. Thank you, Mr. Chairman.

Mr. LAHOOD. Thank you. Mr. Evans.

Mr. EVANS. Nothing, Mr. Chairman.

Mr. LAHOOD. Then, I have a question, a couple of questions that I would like to ask, and then I am going to turn the chair over to Mr. Hayworth who will continue chairing this important hearing.

Ms. Egan, you and Under Secretary Thompson have appeared before this committee on many occasions and each of you, in my opinion, have been exceptionally forthright and helpful witnesses. And I heartily commend you for that. However, I find it disappointing, to support what my colleague, the ranking member of this subcommittee said, that in no less than five instances, VA testimony on Chairman Stump and Mr. Evans' bill asserts that more study is needed or more analysis is required.

The Transition Commission spent 2 years analyzing the Montgomery GI Bill and other transition programs with numerous field hearings involving servicemembers, veterans, program managers, literally all over the world. And VA's testimony says more analysis is needed. More analysis is needed when, as you said, skilled VBA program analysts who were detailed to the Commission for 18 months and Under Secretary Thompson was privy to all Commission analysis and deliberations as a valuable ex officio member.

I know many different parties are involved in writing Executive branch testimony and, frankly, this is one of the more bureaucratic and passive statements I have seen. Issues such as an increase in the monthly educational assistance allowance, giving veterans a GI bill with real purchasing power, accelerated payments, and exempting the Montgomery GI Bill from student financial computations under the Higher Education Act are not new issues. Yet the Department says more analysis is needed.

I would appreciate your comments in response to that statement that I just made.

Ms. EGAN. Yes, Mr. Chairman. With regard to at least the first part about the overall education benefit—I will get to the accelerated payments or the exemption under the Education Act in a moment—again, the question is not whether or not VA believes that improvements are needed—enhancements are needed, to the Montgomery GI Bill. But as this has been discussed within the administration, within VA as well as other parts of the administration, there are some concerns about the dollar value that is attached to it. The reference to more data analyses refers more to the specific dollar amount of the benefit, rather than the benefit in general, whether 100 percent of payment of tuition and fees is appropriate, given the other cost constraints within the budget and whether or not a \$600 stipend or a \$500 stipend or an \$800 stipend might be the appropriate amount. That, I think, is where the emphasis is on data.

The other issue that I mentioned earlier was that we are halfway through a program evaluation of education from which we expect to get a fair amount of information, from servicemembers and participants, as well as those who did not use the benefit. We would hope to use this to refine our recommendations. As I said, we expect that in the early fall.

That said, with regard to the accelerated benefits, we are not opposed to that, sir. In fact, we have supported that in the past. The question that is raised is in regard to issues concerning the administration of it, which I believe can be handled very easily through regulation, as well as the PAYGO implications. You will see that replete in our testimony because of the issues of the cost, given the budget caps and given where our budget is.

With regard to the exemption for counting the benefit as income for other grants for which folks may apply, we, as you know, have been very much opposed to counting the current benefit as income for those purposes. However, the reference to the need to reassess that has to do with if legislation were enacted that would provide a full benefit of tuition, board, fees to those transitioning servicemembers, we would want to reevaluate the Department's position on whether that income should not be counted for purposes of other grants. It would be a question of if the entitlement grew and became a much more generous benefit than exists today, would we still favor that exemption.

Mr. LAHOOD. In your written statement, it says that on April 21, Deputy Assistant Secretary of Defense for Military Personnel Policy Admiral Patricia Tracey indicated that, and I quote, "The Montgomery GI Bill benefit must be sufficient to offset the commitment and sacrifice associated with military service." And your written testimony says the VA agrees. When a veteran transitions to civilian life, what should the Montgomery GI Bill look like to offset the commitment and sacrifices associated with military service?

Ms. EGAN. In general, sir, I believe it needs to be a benefit that provides the kind of financial support that is needed to complete educational requirements today. I think that if you could look at the difference in those who are transitioning today from those of the Vietnam era or World War II, many more transitioning servicemembers today are married. There is a different economic situation. The value of the GI bill benefit has not kept pace with the cost of education. Therefore I believe the economic value of that needs to be reconsidered, in light of what would be appropriate.

That said, the benefit should be somewhere between the existing benefit and perhaps, the benefit that was proposed by the Transition Commission, that has been picked up as legislation here. I know that one of the witnesses following me, Dr. Kime, who wears many hats, one of which is the chairman of the Secretary's Advisory Committee on Education, will be putting several options before the committee. One of those options would include the benefit equaling the average of a 4-year, State-supported school of higher learning. Another one would be to have the stipend at a certain amount.

I believe that somewhere in the middle of those, there may be some options that could be evaluated as meeting the needs of the veterans and, perhaps, being somewhat less costly than the benefit package I just proposed here.

With regard to the flexibility of the program, I absolutely believe there need to be some changes. The current statute is pretty much written around somebody who goes to a semester of school, takes a break, and goes to a semester of school. We need to provide the ability to do distance-learning. We need to be able to provide the

ability to fund legitimate kinds of technical training courses. We need to provide a benefit which really helps people transition, not makes them adjust to a traditional way of education that has existed in the past, but may not be appropriate for their future.

So without specific dollar amounts, that is what I would hope a new GI bill would look like. As well as, hopefully, simplified eligibility requirements and some other administrative things that I think frustrate veterans and cause us to take a bit more time processing claims than we would really like.

Mr. LAHOOD. Let me, as we conclude this, I am going to ask Mr. Hayworth if he has any questions or comments for this panel. Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman, and I apologize for having to leave the hearing to go make a statement on the Floor. And I didn't get a chance to read your testimony because it was not available last night, and having missed what you have said, most of it. But I do want you to know that I support your comments on making sure that we understand that veterans coming out of the service that have families and are in nontraditional environments in terms of trying to pursue an education. Being a product of that, I had a full-time job, was married with three children, and going to college, trying to adjust my work schedule to fit that in, I can tell you I appreciate that very much and I would support those efforts to accommodate veterans that way.

The other thing I want to say is that this is a very critical part of our ability to recruit for our military, to be able to sell the whole package in terms of the benefits that they would accrue. We just had Secretary Caldera in El Paso last week for a 1-week recruitment stay-in-school campaign the whole week where we spoke to about 50,000 students about the possibility of a military career and the benefits that they would accrue, including up to \$50,000 for a college education.

So I think all of these things are vitally important and we need to get your support in terms of identifying the areas that we need to focus in in a nontraditional sense. And understanding fully that today's veterans are unique, as you have mentioned, because of family situations, because of nontraditional environments as it pertains to work schedules and those kinds of issues. So those are all very important things that we need to keep in mind and we need to work together to continue to give our veterans a benefits package that will make it attractive to join the military, to stay in the military, and, ultimately, to consider the military as an option in a nontraditional sense, rather than a secondary education right out of high school.

Thank you, Mr. Chairman.

Mr. FILNER. Will the gentleman yield?

Mr. REYES. Yes, I will.

Mr. FILNER. Thank you, Mr. Chairman. Just briefly, while I appreciate Mr. Reyes' personal testimony and his efforts in El Paso, the chairman and I have been, I think, critical of the response of the administration.

I do want to point out, in fairness to the administration and to put the responsibility back here in the Congress—I would say to the chairman that the support that I hear from you and others for

this program just ain't possible with the budget that this committee's majority recommended to the Congress, and the Congress recommended as part of our budget. If the caps stay on as they are, we are not going to be able to provide this.

And so we can hit the administration, but I think we also have to understand that we in Congress have not provided a budget that is going to be able to include this. And unless we change that budget, as I would advocate and I would say that we should lift the caps on what the Veterans' budget is, we are not going to be able to do this no matter how much we say we are wonderful and the administration is not responding adequately.

And I just say that, Mr. Chairman, maybe as a colloquy, but I think we have to be honest here. Your remarks imply that you support some enhanced benefits which I am not sure which of the two bills you are supporting, if either. But you have to square that with your own votes and your party's own votes on what has gone on so far in the Congress.

I will yield to the gentleman.

#### OPENING STATEMENT OF HON. J.D. HAYWORTH

Mr. HAYWORTH. I thank you, Mr. LaHood, and it is always good and enlightening to hear from my friend from California. And, you know, I am sorry perhaps because sadly some of the theatrics involved that we once again want to get into a blame game. And that is certainly fine. If the gentleman wants to do that, I am prepared to be as fierce a partisan warrior as he would care to be. And we can go back and retrace votes. And those who seem to want to care for the military veteran after they leave the military and would cast aspersions on military preparedness and national security, we can play that game today, if that is the intent of my friend from California.

I think it would be far more constructive if we would say that we have challenges that confront us no matter our political affiliation, whether we are Republicans or Democrats, we are Americans first. And that it is inherent throughout the budgetary process, not only with authorizations, but with appropriations to ask government to make clear its priorities.

And so rather than have this degenerate into a partisan blame game, I would simply say let us move forward, get the testimony, hear what is good about both bills, and keep in mind the fact that we, in Congress, regardless of party label, need to properly order our priorities to provide for the common defense and to provide for those who provide for the common defense.

Mr. FILNER. I will be happy to stipulate that I just don't want us to be able here to pay lip service to a program and then vote for a budget that won't allow it. Thank you, Mr. Chairman.

Mr. LAHOOD. I thank you both for being here.

Ms. EGAN. Thank you for the opportunity, Mr. Chairman.

Mr. LAHOOD. Mr. Hayworth will assume the chair and introduce the next panel.

Mr. HAYWORTH (presiding). Good morning, ladies and gentlemen. We do thank the first panel and we thank our friends on the subcommittee for joining us today. Let me call the second panel to the stand.

First we have Dr. Steve Kime, who is the chairman of the Secretary of Veterans' Affairs Advisory Committee on Education. We also have Ms. Judith Lee Ladd, the president of the American School Counselor Association. Mr. David Guzman, the president of the National Association of Veterans' Program Administrators. And Mr. C. Donald Sweeney, legislative director of the National Association of State Approving Agencies.

Ladies and gentlemen, please come forward and once we take care of all the logistics and have you in your chairs with microphones in front of you, we will gladly take your testimony, beginning with Dr. Kime.

**STATEMENTS OF DR. STEVE F. KIME, CHAIRMAN, SECRETARY OF VETERANS' AFFAIRS ADVISORY COMMITTEE ON EDUCATION; ACCOMPANIED BY JUDITH LEE LADD, PRESIDENT, AMERICAN SCHOOL COUNSELOR ASSOCIATION; DAVID A. GUZMAN, PRESIDENT, NATIONAL ASSOCIATION OF VETERANS' PROGRAM ADMINISTRATORS, AND C. DONALD SWEENEY, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES**

**STATEMENT OF DR. STEVE F. KIME**

Dr. KIME. I am Steve Kime. I am Chair of the Secretary of Veterans' Affairs Advisory Committee on Education and I am the director of Servicemembers Opportunity Colleges, called SOC. SOC is a consortium, focused mostly on active-duty servicemembers and their education.

I am very much involved outside my responsibilities as the director of SOC with veterans and with the Montgomery GI Bill. I am both a Navy veteran and an academic practitioner, focused on the interface between the military and education, so I get a pretty good look at this thing. During the 10 years since I wore a uniform—in the Navy by the way—it became increasingly obvious to me sitting in the education community that education is critical to two very important things: one of them is recruiting and retention in the military about which I care a lot and the other is maintaining a successful citizen soldiery that our founding father intended.

What I want to point out here at the beginning is that these two interlocking things really conflict. I have watched this budget process with some alarm, I must say, for some time. And I know that there is concern here. There is concern that the GI bill might become so attractive that people will bail out of the military to use it. Some might worry about the impact on special incentives. And I understand that some will see funding for the GI bill—and I think you, Mr. Hayworth, said something about this—as maybe a little bit in conflict with some very urgent priorities that, as a retired military officer, I appreciate. These have to do with fixing military pay and retirement and things that need to be done. And I know that these all conflict.

As a veteran and as a scholar, it would be tempting for me to argue equally for all the wonderful proposals that are out there that would do just about everything and, believe me, I can do that. But I have tried to keep all of the constraints in mind. I am a taxpayer, too.

The Secretary of Veterans' Affairs Education Advisory Committee kept all these constraints in mind. We have been dealing with constraints now for the many years I have been involved with this thing. We are very sensitive to it and may be too sensitive to it.

We have long argued for the elements that are in both of your bills, and a lot of the things that are in the Transition Committee's report. We stood up and applauded. I personally saw to it that it was presented to the entire higher education secretariat because it is wonderful and it has got a lot of good stuff in it.

But if in the battle for funding and support it becomes clear that veterans, once again, will have to get less than what is fair and what they deserve, if that is the case and what is in the national interest, by the way, then the priorities that this committee of the Secretary's set would be very useful for you to look at. You need to pay attention to them.

The first of the priorities of the committee—and this didn't just happen in March when we met; we have been batting this around now for years, well before the Transition Commission ever got started—the first of them is to establish an appropriate benchmark. We set that benchmark as the average 4-year institution. In my opinion, personally—although some in the committee might disagree with me—it would be the average 4-year public institution, as a nonresident student. I think that is a benchmark that is far more modest than anything that is out there right now. It is radically more modest than what the Commission said or what either one of your bills say. But it is fair and it makes sense and it is not fraudulent to promise kids this benchmark when you recruit them. I will give you a number in a minute.

The committee also talked about accelerated benefits. We talked about this before anybody else. And the fact of the matter is that if you want veterans to participate meaningfully, like their fellow citizens, in academic, vocational, and technical options that are really part of modern adult and continuing education, if you really mean it, you have got to do something to make sure that they have access to that money. Not just the wild notion that you have a \$32,000 benefit or you have a \$26,000 benefit or whatever it is and you can't get to it to actually become a computer technician. That is nonsense and it borders on fraud.

This Committee also supported what is in both of these bills to eliminate the anti-military, unfair, and prejudicial nonsense of counting the GI bill as income. You have got to do something about this. It is unfair. You promise these people that they are special and that they get something extra for putting their life on the line, so it ought not to count against them in any prejudicial way for any other benefit that they are eligible for.

The committee supported doing something about the 10-year delimitation date and we want to get rid of the \$1,200 payment that is made up front. It probably isn't a good idea. In a sense, it is obscene that \$1,200 is sacrificed for a GI bill that is, in fact, not enough money to go to college. There is something wrong with that and it certainly is not in the national interest.

Now, if it is the case that nothing even close to the post-World War II GI bill is going to come about, then let us look at these priorities—and I have given them to you in order of importance as the

committee saw it. I also append here a copy of the committee's letter to the Secretary of Veterans' Affairs and I recommend it to you. It is short and it does something that the VA was unable to do in its testimony or was unprepared to do so far: It lays it out specifics and says what the priorities are. It deserves some attention. It is very important. It is imperative that we have a set of benchmarks.

Now, to look at your legislation, after laying out these more modest priorities. H.R. 1182 and H.R. 1071 and the Commission report are fabulous. They are for funding, serious, thoroughgoing reform, of the GI bill on a scale, frankly, that is no even considered by the Committee that advises the Secretary. You are really proposing to do something in this legislation. We didn't expect that. For years, there was very little hope of any real reform and advocacy for veterans' education, like that expressed, for example, by Stump and Evans and, of course, always by Sonny. It is really very much appreciated.

Now, because you have those bills out there—and because you have the bills out there and because the Commission report is out there, it changes the context. Remember that the people who have been looking at this for a long, long time haven't even been thinking in that framework. That is why we came up with our more modest priorities.

You don't have to talk about accelerated benefits if you give these kids enough money to begin with. The ultimate acceleration of benefits is to fulfill your obligation to start with. If you get enough money to go to college, you don't have to get it faster, basically. But if you are going to end up with more modest legislation—like I am proposing in here that you may end up having to come up with—then you have got to look at an accelerated benefits regime that allows that person to go to that short school that might cost \$6,000. He doesn't have \$6,000 and he has got to be able to extract it from his benefit. You have got to look at that if you come up with legislation more modest than what is proposed here.

Another point I would like to make here is one that I think that has been forgotten very often by people in the military and out. Remember, some of our best veterans are still on Active Duty. Our best veterans, who have served for years and earned the GI bill, are still on Active Duty. Why on earth do we punish them? Why do we make it more attractive to get out than to stay in?

I don't think you can have it both ways. If you are going to complain about retention, then look at what you are doing. Why can't I, if I am on Active Duty, use my GI bill fully with no prejudice, the same as the person who gets out? The basic bottom line in retention—and I spent 31 years wearing a uniform and I know what I am talking about—is it has got to be as good to stay in as it is to get out. There is an education component of that.

Even if you don't accept my argument or that I am proposing here about treating people who stay in at least as well as you treat the people who get out, then you should at least understand that there is a bottom line. At least understand what it means to fund educational opportunity for the ones who get out, even if you won't entertain improving the situation for the ones who stay in. I judge that to be \$900 a month for 9 months: a \$32,000 benefit.

So when you ask me the question of what does it really boil down to, I will boil it down for you. It is \$32,400, no nonsense, with a COLA. What will that fund? That will fund attendance at a public school, a public 4-year college, if you are nonresident. It doesn't provide a bit of subsistence money. It doesn't help that kid who is pumping gas feed his own children or anything else. But it pays books, tuition, and the cost of going to college and it is, in my opinion, the bottom line, minimum amount that you can fund to carry out your obligation.

Five hundred twenty-eight dollars is ridiculous. Six hundred dollars is ridiculous. Nine hundred dollars is the minimum needed to fulfill the responsibility that you made to that youngster when you recruited him or her, \$900 a month. There should be some provision for accelerated payments if they decide to go to 2 years of college. Why not? Why can't they draw out their benefit twice as fast? This is almost a no-brainer and you should be able to do it. Most veterans have to hold a job, but I think that this benchmark is the bottom line minimum that is fair. So you have a number from me.

I won't try to draw esoteric distinctions between H.R. 1071 and H.R. 1182. It doesn't do any good. Because one is wonderful and one is wonderfuller. They are both great. I would tell you that 90 percent of tuition anywhere you can go and the stipend that you propose, \$600, would be fabulous and would more than fulfill your obligation to these people. Full payment and \$800 a month is better, because I can count and as a veteran and a scholar I will always say that more is better, of course. But remember the bottom lines, because I think that is probably where we are going to end up.

I want to talk a little bit about advocacy. The Nation's veterans have been blessed by guys like Sonny Montgomery and others who struggled in an environment that in my opinion, as a veteran, over the last decade, and in higher ed, has been unfriendly, unfair to veterans in education, no question about it. But without these people, we wouldn't even be talking about a GI bill so let us be sure Sonny gets the credit he deserves for that.

But for too long now advocacy for veterans' education has been hampered by would-be pretender policymakers like the Office of Management and Budget and I am getting sick of hearing about it. Their first concern has absolutely nothing to do with educating veterans. Nothing. Zero. And very little weight is attributed to the national interest in educating veterans and what we get out of it as a country. Accounting is not policymaking and you people have talked this morning more about accounting than you have talked about policymaking, in my view.

Apparently, OMB ignores history and economics as well. Look, we all know the economy got back what it spent many, many times over with the World War II GI bill. Any fool knows that a college graduate pays more taxes than a non-college graduate. Well, what about a college graduate that has shown their commitment to their country? Served 4 years and completed something they started? It is crazy to think that you won't get all that money back. And it is only \$32,000, at least my proposal is. These people become role models. They think and speak positively about military service to future recruits. Their kids join the Army.

Now we are really fortunate when some of them happen to get elected or appointed to high office, but we need a lot more of that and we don't have enough of it in the Congress today. It is high time for real advocacy for veterans' education. And, of course, I am delighted to see what I am hearing here this morning because I am hearing some real advocacy. We are grateful for it.

But I would beg you, do not let the budgeteers and the prognosticators and the statisticians pollute the vision that you have. There is some great vision out there right now in the two bills and in the Commission report. If you can't fund all of it, I have told you what to do. We are pessimistic. Please prove we are wrong for a change. In this era of surpluses and reliance on the military, it is a rare opportunity to do that.

I would like to just finish very quickly with a story about a veteran. Because at SOC I have an 800 number and these kids dial these 800 numbers.

Mr. HAYWORTH. Dr. Kime, if I could just—as a veteran and scholar, you will appreciate the time constraints.

Dr. KIME. Sure.

Mr. HAYWORTH. We are called over to the Floor to vote and we have less than 10 minutes and the chair has been rather generous with time. If you could tell us the story in about 90 seconds, will that give it justice?

Dr. KIME. Put your money where your mouth is. Do what you said you would do.

Mr. HAYWORTH. I think that is the moral of the anecdote you were going to offer. (Laughter.)

Dr. Kime, thank you for your testimony. We look forward to questioning you. We ask the indulgence of the other panelists as we must go vote and I would ask my committee colleagues to return as quickly as possible following the vote and we will resume this. Thank you very much, sir. The committee stands in recess, subject to the call of the chair.

[Recess.]

Mr. HAYWORTH. The committee will come to order.

The chair would ask those who have joined us to please find seats and would thank the panel for its indulgence. It is kind of like going back to school, we find, because the bells ring and we have a certain amount of time to move from this venue to the Floor.

And we thank Dr. Kime for his comments. And we welcome Ms. Judith Lee Ladd, who joins us now, and you didn't even have to have a pink slip or a tardy slip to come in, Ms. Ladd. We are glad you are here.

The chair would remind all of our panelists, if it possible to constrain your comments to five minutes, that will be fine. And the chair would also make mention, if my colleague from Illinois failed to earlier today, that all of your statements in their entirety will be submitted for the record without any objection.

With that, Ms. Ladd, we are interested in hearing your thoughts from the American School Counselor Association.

**STATEMENT OF JUDITH LEE LADD**

Ms. LADD. Thank you. First of all, I am very privileged to be here and feel it an honor that school counselors were asked to participate.

Basically, as I read both the bills that are coming up, I can see that we share a very important mission and that is making sure that our young people have options that are well-suited for them and enable them to assume adult roles. I was particularly pleased with the option that is suggested where, instead of a set fee that would be paid for graduate or undergraduate work, that it would be adjusted according to 90 percent of the tuition. I think many of our young people who aspire to go on into college frequently look at the immediate options and their parents are very excited about getting them launched and so anything that would, in their minds, appear to be a deferment is a problem and I think that language "deferment" adds to part of our recruitment difficulty.

But, basically, the fact that now, if they want to go to MIT or they want to go to one of the other State universities, they would have that option, it wouldn't be regulated to only one level of tuition.

The other item that I found very beneficial is that, with the passage of time, young people do make commitments in relationships and, also, buying objects like cars. And, therefore, at the time when they would most need to continue the allotments that are given, if they accept the Montgomery GI Bill, currently they would end up having to pay a less or reduced allotment. So I was very pleased to see that added to this bill.

There were some other features, though, that I did want to comment. And I didn't have the benefit of hearing everyone else's comments, but as advisors in the high school and middle school setting, our job is really to help young people explore and to ensure that they know how to make good decisions. And then to work with the parents to be sure that they are brought on board to play a very active role.

When we are working with them, they are minors. After they have enrolled and completed a tour of 4 years, they are majors, so to speak. And parents frequently feel that they would have less impact in the process of decisionmaking and that fear of losing opportunity for higher education really does impact heavily with parents. And I think we need to recognize that in any of the work that we do both as recruiters or as school counselors.

The second item there that I think needs to be addressed is that, because of restrictions that are implied and required in certain districts, school counselors don't often have the liberty just to release information to recruiters and I know that this a point of concern and really can boil down to a one-to-one struggle in certain settings as a result of misunderstanding what the restrictions are.

The American School Counselor Association has had a longstanding position paper that directs the professional school counselors to work with all youngsters and with all parents to be sure we are exploring equally all options. We are submitting to our delegate assembly at the end of this June a revision of that statement that really applies stronger language to the "equal opportunities." And it does state military, college, et cetera in there.

I know that we have had schools report phenomenally positive relationships with recruiters. We have had parents very supportive. And, as both a counselor and a parent, at least in my area, I only have positive things to say about the efforts to recruit my son. However, in other areas, that is not the case.

The one provision that does concern me is the one about removing the high school graduation requirement. When we are in districts throughout the country that are requiring zero drop-out rate, unfortunately, the mechanism for reporting a student leaving school prior to graduation to go into the military, it is still coded as a drop-out. That is not really what is happening to them, but that is what our school records would have us do.

And, as a result, when we have young people that we are trying to keep in school and we find that they are being attracted more to what they perceive to be less demanding situations—and, truly, they are not, but their perception is that it would be. Or that they have the option to give up their temporary job and go into something that would be more longstanding and lucrative, we do put ourselves in competition and I think that needs to be addressed proactively so that we don't find with this restriction being lifted that we are, again, back to the old days of our work together. Thank you.

[The prepared statement of Ms. Ladd appears on p. 173.]

Mr. HAYWORTH. Thank you, Ms. Ladd. And now Mr. Guzman.

#### STATEMENT BY DAVID A. GUZMAN

Mr. GUZMAN. Mr. Chairman, I am David Guzman, president of the National Association of Veteran Program Administrators. Our organization is comprised primarily of VA-certifying officials employed by institutions of higher learning both in public and private sector.

Our overarching charter at NAVPA is to promote professional competency and efficiency through the association of our membership to promote the development, improvement, and extension of opportunities to all veterans or dependents of veterans for his or her personal growth and development to its fullest potential through higher education. And this is achieved by assisting with the assessment and attainment of individual veteran's student's needs, communicating and cooperating with communities, schools, agencies, and organizations at all levels. We have an excellent relationship with the Departments of Veterans' Affairs and Defense, while working toward this end.

We, the members of NAVPA, are at the business end of the Montgomery GI Bill. The membership of NAVPA has long held that veterans should be treated better with regard to their transition assistance from the military service, and veterans should be allocated a much larger educational entitlement than currently afforded by enrollment in the Montgomery GI Bill.

Attached to my testimony is a white paper which outlines recent independent studies conducted by several individuals and agencies. The empirical data confirms that veterans are better students than traditional students, but less than 40 percent of those veterans who participate in the Montgomery GI Bill while in service actually use the benefit. While there are several reasons for nonuse, the pri-

mary reason is that the benefit does not adequately compensate for the high cost of education today.

(See p. 180.)

Mr. GUZMAN. Many veterans believe that the Montgomery GI Bill has become a nonbenefit because their Federal financial aid is reduced by the amount of that entitlement. It should be noted that the GI bill is based on status of benefit conferred on veterans in return for military service, while financial aid is need-based. Non-veterans must only show a need to receive financial aid. Thus a veteran who also has a need should be eligible for both the GI bill and financial aid. And the Montgomery GI Bill should not be used to offset the financial aid, particularly since the Montgomery GI Bill is a contract right or a right of status and the other is merely based on citizenship and need.

Currently, the offset in financial aid is taken off the top of any aid granted and places the veteran at a disadvantage on the first day of school. For example, if the aid is determined to be \$8,000, nonveterans will receive the full aid up front \$4,000 at the beginning of a 2-semester term or program. Veterans receive \$1,625 for this same period. There should be no offset and the GI bill should not be counted as income or as a resource in the financial aid formula.

While married veterans have a greater need for family school activities, nourishing and sustenance, adequate housing, child care, clothing, and so forth, their financial aid is only slightly adjusted upward. But with the aid reduced by the amount of the GI bill, their immediate needs cannot be met and this results in many leaving school or never enrolling. It should be noted here also that veterans' benefits are paid on a monthly basis *after* the veteran has certified enrollment and, therefore, the benefit actually arrives on an average of 40 to 50 days after the month of entitlement. Benefit adjustments to meet the annual cost of tuition increase of 4 percent on an average, annually, have been inadequate, too little, too late.

Sir, the veterans have served this country in uniform, ready to deploy anywhere in the world on a moment's notice. Many have served in combat. All have been prepared. We owe a great debt to our veterans for the protections they have afforded our great Nation. The Montgomery GI Bill is but one way to repay that debt and, while doing so, we are also helping our Nation produce better, more educated citizens who will again repay this Nation a thousandfold.

It seems to me that Uncle Sam has committed contractually to pay the Montgomery GI Bill to military members and that to reduce the contract amount because the member may also be eligible for financial aid based on need is a breach of contract. Military recruiters use the Montgomery GI Bill education benefit to induce young people to obligate themselves to military service for some of the best years of their young life. It is likely the case that, but for the inducement of the Montgomery GI Bill, many young people would never voluntarily join the service. Military recruits may think differently if they understood that, as a result of their voluntary servitude, they would actually have their total federally sponsored financial aid reduced as a result of their Montgomery GI Bill eligibility while their nonmilitary peers retain their full finan-

cial aid eligibility for not serving in the military. In fact, a Washington State University study cited in the attached white paper revealed that some veterans are advising their siblings not to join the military for these very reasons.

The Montgomery GI Bill must be enhanced to make readjustment affordable and attainable. NAVPA fully supports the recommended enhancements to the GI bill contained in the proposed legislation. Additionally, we advocate an enhanced universal transition assistance program that would be applied equally across the services so that servicemembers would benefit from the knowledge gained from the Department of Veterans' Affairs on ownership and accessing the Montgomery GI Bill earned entitlement. This does not now happen.

Finally, NAVPA advocates an outreach program that would enable school certifying officials to conduct veterans' outreach services similar to the Veterans' Education Outreach Program formerly administered by the Department of Education. According to the last Department of Education VEOP exemplary projects report for 1998, VEOP grant recipients had done an outstanding job of bringing veterans to school who otherwise would have let their educational benefits expire.

I have enclosed this white paper which is supported by several independent studies detailing the issues discussed here today. The analysis, the research the study is done, the time to act is now. On behalf of America's veterans, I thank you for your patience and understanding and this opportunity to speak to you here today.

[The prepared statement of Mr. Guzman, with attachment, appears on p. 175.]

Mr. HAYWORTH. And, Mr. Guzman, we thank you for your testimony. We might just add, from this vantage point, that we are going to work with the Education and Workforce Committee to fix the problems of veterans' benefits being counted in Federal student financial aid computations. So we thank you for your attention to that matter and we, obviously, want to work on that.

Mr. Sweeney, your testimony, please, sir.

#### STATEMENT OF C. DONALD SWEENEY

Mr. SWEENEY. Mr. Chairman, thank you for the opportunity to appear before you today on behalf of the National Association of State Approving Agencies. State Approving Agencies have been an integral part of the administration of the various GI bills since shortly after the inception of the original GI bill in June of 1944. We are honored to have had the opportunity to contribute to the success of these programs and we look forward to making even greater contributions as the today's primary program, the Montgomery GI Bill, is enhanced to better meet the needs of our Nation and those who faithfully serve in its defense.

We support the provisions of H.R. 1182 and H.R. 1071 and believe that there are a number of excellent reasons why the Congress and the President need to enact these and other related improvements. You have already heard that: America's youth do not see military service as a national duty, moreover, one of the best avenues to the later entrance into a challenging and rewarding occupation or profession in the civilian sector; AmeriCorps and stu-

dent financial aid programs offer less risk with equal or better support; veterans' benefits barely cover tuition and fees at State-supported public institutions, definitely not the total cost associated with getting an education; college costs have escalated at a pace that nearly doubles the increases in Montgomery GI Bill benefits; the majority of today's veterans are married and many have families, so the only option they have is to work full-time while pursuing an education; and, the strong national economy is having a negative influence on interest in military service and the usage of the Montgomery GI Bill.

We would also propose that education and how it is offered has changed. Current trends emphasize accelerated, short-term, and distance-education programs and courses. Additionally, business and industry now offer a substantial number of education and training opportunities. To assist the veteran to experience initial and continuing success in an occupation or profession of their choosing, the law and regulations need to be upgraded to permit the use of these benefits for the full range of ways in which quality instruction is delivered in both the public and private sectors.

We believe that the provisions of H.R. 1182 and H.R. 1071, with modifications and additions, will return the competitiveness to the military in their pursuit of "the best and the brightest" and help to fulfill the promises of a grateful Nation to those who sacrifice and serve so faithfully. Our recommendations, as outlined in the written testimony, include: a combination of the primary provisions of the two bills; a new definition of accelerated payments; and, some other secondary provisions that will make the Montgomery GI Bill more attractive and user-friendly such as (1) benefits for continuous training and retraining courses necessary to remain current or employed in an occupation or profession and (2) benefits for enrollment in independent study non-college-degree courses offered by accredited institutions.

We also offer an alternative proposal that closely parallels some concepts that were proposed by Senator Dole and the American Legion a few years ago. It includes enhancements to Chapter 1606 and provides for an automatic annual increase in benefits.

In closing, Mr. Chairman, there once was a time when giving an edge to a veteran and to those who defend the freedoms that we all so thoroughly enjoy was the norm. We need to return to this conviction. Holding servicepersons and veterans in high esteem and providing them with the extra resources that they need to continue to be productive and contributing members of the communities of which they are part is not only the right thing to do, it is the best thing to do. We encourage the leadership and members of this committee to take a firm and aggressive stand in promoting the enactment of provisions of H.R. 1182 and H.R. 1071. Mr. Chairman, that concludes my verbal testimony and I would be happy to respond to any questions that you might have.

[The prepared statement of Mr. Sweeney appears on p. 197.]

Mr. HAYWORTH. And, Mr. Sweeney, we thank you for that testimony and, again, thank all the panel members.

Ms. Ladd, thank you for touching on a problem that was brought to the subcommittee's attention in earlier hearings. We were pleased to have recruiters from every branch of the service and

from virtually every corner of the country join us for a subcommittee hearing a few weeks ago. And while there was by no means unanimous testimony, there were disturbing reports coming from different recruiters, if memory serves, in particular the Naval recruiter from Orlando, FL.

And under questioning, a first it seemed that diplomatically you could say there was antipathy on the part of some school counselors. But she characterized it more as hostility on the part of some school counselors in terms of—for whatever reason—depriving recruiters of lists, actively advising young people against military service. In general, the hostility, I guess the analogy that I found, as a broadcaster in the 1970s, certain formatted stations refused to run recruiting advertisements to register their discontent, even disgust, with the military.

You mentioned the efforts of your association to endorse or to certainly recognize the validity and the desirability, in many cases, of military service. And you briefly touched on in your testimony some restrictions. Take us through that again. Amplify your testimony. How is your association dealing with the problem that these recruiters imparted to us?

Ms. LADD. Well, first of all, I would like to address just the lists issue. In State and in district, the employees have to follow the guidelines that are established. And with the Buckley amendment that was passed many years ago, we seem to have confusion in different settings as to what does confidentiality and access really mean. For many areas, it is interpreted as we will not give our lists anywhere. We don't give them to the colleges. We don't give them to the recruiters.

What we are seeing is that we need to respect the parents' right or other than the minor's right to confidentiality. But there are ways that we can do that.

When I was on a panel with the Army recruiter about 3 months ago, we were talking about what would be the problem, for example, if, as a guidance director, I sent out, again, with the approval of my school district and superintendent, and, again, the State superintendent of education, what if I gave the parents the option, as we do for all other cases, to say, I am going to print or release your child's list information. We call that category one, which would be directory information only. It has nothing to do with grade point average. It is just simply their names, address, phone number. We are going to release that unless we hear from you by a certain date. And I think in many of the areas where there have been contention surrounding the list or the access in that manner, that is probably the easiest to address, provided there are not other regulations.

You hit upon two other areas, though. The other is access. In the school in which I was employed, we had the recruiters come on a prescheduled basis, not only to do formal presentations, but also to be available during lunch shifts. We didn't have any problem in my community with that. However, across the country, there still exists attitudes that are ingrained in the community itself that really create tension in the school setting when the school takes action that is contrary, if you will, to the attitudes in the community. And so I have been present at some schools this year where the school counselors and school administrators came under verbal attack in

a public hearing because they were allowing the military to come in and meet with the children when—and that is how they termed it, children—when the parent was not advised. So I think we need to work in many avenues to reduce that kind of attitude.

You made comment about advising against military service. The counselors that first entered our school systems came with the purpose of guiding youth into the employment sector. This was at the time of our mass migration to the country and immigration and the time of industrialization where industry needed talents that we had not identified. That role of the school counselor has dramatically changed. Our job is not to guide in that sense, but to help them look at how the process of decisionmaking unfolds.

As we have changed our title from guidance counselor to professional school counselor, I think that reflects where our association stands. It is not an individual's role to make decisions about how a young person will direct their future energies. That really is something left to the parent and the child. Our job is to advise and I think that we can do it in an open way to keep all possibilities there.

As I have traveled through 23 States, I have always had the benefit at our exhibitor conferences of seeing the military in full display, supporting the school counselor conference. And it has given me the opportunity to talk with each one, regardless of their branch of service. And it is amazing the discrepancies that I have found in terms of attitude. Many of the recruiters in certain areas are very pleased with their relationships and cite opportunities that go beyond just the traditional come and talk with our youth. And others have cited that they have a very difficult time, quote, "getting their foot in the door," unquote.

I think we need to begin a more proactive alliance, recognizing that we are working for opportunities for our young people. And I have been very pleased with the overtures that the U.S. Army has made to our association, as well as the Marine Corps, in terms of really having focus sessions where we have sat down to talk about what contributes to the attitude; what are some things we can do to break those barriers and open the doors for the young.

Mr. HAYWORTH. Well, thank you very much, Ms. Ladd. I appreciate the fact that your association wants to work on a voluntary basis in a constructive way. I think it is, as we have seen with tragedies that continue to unfold in our educational institutions—the only concern I would have and I am sure it is not the intent, but it would appear to the chair that it is impossible to really be value-neutral in exploring different alternatives and possibilities for young people and that, in an attempt to study the process of decisionmaking and, thereby, be value-neutral, an institution such as the military, though it may not be the intent of the counselor, tends to fall by the wayside.

For example, as one parent explained to me, given the tragedy at Columbine High School, there young people had the gothic look, the white make-up on their face, the trenchcoats, but if someone came to school dressed in business attire with Holy Scripture in their hand, they probably would be called to the office for some sort of breach of conduct. And we are not here to point fingers, it is just

one of the ironies of trying to eliminate values from the educational process.

And this debate is not new. I have a textbook written in 1889 for elementary school children. And in the preface, a brief history of the United States, where Arizona doesn't make an appearance until the next-to-last page as a territory, 25 years before statehood. And a paragraph is devoted to the debate that was raging at that time about the notion of imparting moral values to young men and women through the educational system. So this is a challenge.

It just begs one question, Ms. Ladd, in general, most of us here, and certainly those us in the new majority, like the notion of local control. However, we are constitutionally obligated in the preamble to the Constitution to provide for the common defense. Should there be any action legislatively taken by Congress to ensure access of military alternatives to students, given the fact that we now rely on the voluntary force? Should we contemplate any type of Federal legislative action?

Ms. LADD. Well, our association is very pleased that we do have a volunteer situation because that allows us to work with our young people on long-range plans and not something that they are planning for and then their number comes up, so to speak. I think it also talks towards a more positive view of our military as an important career field and not just as an event or a disruption or a deferment. I think those terms and those concepts have hurt young people in terms of making military their career option and doing the full 20 years, 30 years.

I think that there needs to be a clarification of what the confidentiality and access really is. I do not interpret the Buckley amendment in a manner that would restrict the access to information or having the military, as we do the colleges, equally participating. I don't feel that it does do that. I think it does caution the school that we can't sell lists and we can't do things without involving the parents. And so I really don't know if we need a Federal or national statement, so much as we need to clarify this, perhaps through our State school board officers, our State school boards, and superintendents so that they can understand that we can respect the rights of the parents by providing an alternative announcement that enables a parent to opt-out if you will of having the information released. And I don't believe that you would find a high percentage of parents wanting to remove the opportunity to explore the military.

Mr. HAYWORTH. Ms. Ladd, I thank you. And the panel members, a variety of different concerns and different priorities have been mentioned. Dr. Kime, you offered the plain-spoken suggestion that this Congress should put its money where its mouth is. It is advice well-taken. But starting, I guess, in reverse order, first with Mr. Sweeney and then down the line, if there was one compelling feature, if this Congress could do nothing else, a provision of this legislation or what you would like to see done in terms of priorities, could you each give me a brief answer, from your vantage point, on the one thing that needs to be changed in the current structure that may be contemplated by this legislation, that may exist outside this proposed legislation. Mr. Sweeney.

Mr. SWEENEY. Sure. I would be happy to, Mr. Chairman. The primary provisions that are included in H.R. 1182 and H.R. 1071, in our view, are the dollar support: The tuition and fees; monthly stipend; and, reasonable reimbursement of costs of books and supplies. I would put those at the top. Everything else is secondary.

Mr. HAYWORTH. Thank you, sir. Mr. Guzman.

Mr. GUZMAN. Yes, sir. I would have to agree that funding of these provisions is a high priority. We fully support the report of the Transition Commission.

Mr. HAYWORTH. Thank you, sir. Ms. Ladd.

Ms. LADD. I would have to echo their sentiments that I think the accessibility of funds to enable young people to go to the colleges to which they are accepted and not just the colleges where the tuition matches what the government pays is very critical if we want to have a diverse talented society.

Mr. HAYWORTH. Thank you, Ms. Ladd. And, Ms. Ladd, I ask you to share the microphone with Dr. Kime, as we let him offer the final word in his analysis here.

Dr. KIME. The first priority is very simple. Establish a benchmark that represents fulfillment of your promise to recruits; make that benchmark the cost, the real cost, at a 4-year, public institution as a nonresident student; stick with it; and provide cost-of-living adjustments each year so that is what you are really giving the veteran. Right now, that is \$900 a month for 9 months for 4 years.

Mr. HAYWORTH. Dr. Kime, I thank you and ladies and gentlemen of the panel, thank you very much, and you are excused.

The chair would now invite panel three to join us. Included in panel three, Mr. Sid Daniels, deputy director of the National Legislative Services for the Veterans of Foreign Wars; Mr. William F. Frasure, deputy director, government relations, Vietnam Veterans of America; Mr. Peter Gaytan, legislative director of AMVETS; Mr. Matthew L. Puglisi, assistant director, National Veterans' Affairs and Rehabilitation Commission of The American Legion; and Mr. Harley Thomas, associate legislative director for the Paralyzed Veterans of America.

Gentlemen, we thank you for taking time to join us from the veterans' service organizations and we appreciate your perspectives on the proposed legislation and what we can do to honor our commitments to veterans when it comes to education and taking advantage of benefits promised them.

And if we have everyone in place, I would ask Mr. Daniels to offer his testimony first, please. Good morning.

**STATEMENTS OF SIDNEY DANIELS, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE SERVICES, VETERANS OF FOREIGN WARS; WILLIAM F. FRASURE, DEPUTY DIRECTOR, GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA; PETER GAYTAN, NATIONAL LEGISLATIVE DIRECTOR, AMVETS; MATTHEW L. PUGLISI, THE AMERICAN LEGION, ASSISTANT DIRECTOR, NATIONAL VETERANS' AFFAIRS AND REHABILITATION COMMISSION, AND HARLEY THOMAS, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA**

**STATEMENT OF SIDNEY DANIELS**

Mr. DANIELS. Good morning, sir. Mr. Chairman and members of the subcommittee, I appreciate the opportunity to appear before you this morning to discuss two very, very important bills, H.R. 1071, the Montgomery GI Bill Improvement Act, and H.R. 1182, the Servicemembers Educational Opportunity Act of 1999.

The VFW believes that, if enacted, either of these measures will adequately address the recruitment and retention concerns while also assisting servicemembers to readjust from a military environment to a civilian lifestyle. We believe the enhancements contained in the two bills will have the greatest impact on recruitment and as a readjustment vehicle after the service obligation has ended. We believe that a proposed payment of tuition fees and books, either in full or at the 90 percent level, along with the payment of a living stipend, would represent a tremendous enhancement to the MGIB.

Either version, if enacted, would, once again, make the military a top option for consideration by high school students seeking a way to pay for postsecondary education after the services.

We believe, with respect to retention, Mr. Chairman, that other factors may have a strong bearing on retention rates as we know them today, namely a reduction in retirement pay, from 50 percent of pay after 20 years of service, that was reduced back in 1986, I believe to 40 percent retirement pay after 20 years of service. There is also fear of being downsized out of the military. And, of course, all of this is anecdotal on our part based on mail, telephone calls that we have received from active-duty military members currently.

One of the biggest complaints you hear today is too frequent deployments. There is documented evidence of many servicemembers at this point who, in an 18-month span, have been into Bosnia on 3 different occasions. And then, of course, there are the pay inequities, real or perceived, between senior NCOs and junior officers as well as between all military personnel and their civilian counterparts.

We believe that retention concerns cannot be totally eliminated until these issues have been fully addressed. The two GI bills, of course, would do tremendous things, but it is not going to solve the retention problem. We want to make that clear. And, of course, we observed the excellent testimony given last month by Admiral Tracey I believe from the Defense Department and who expressed some concerns that the generosity of the GI bill may have an unintended negative effect on retention and we disagree with that to-

tally. It is these other ongoing concerns that I have spoken of presently.

We strongly support the provisions in both bills that would repeal the \$1,200 pay reduction. We were very much opposed to that when it was under discussion back in 1985 and we continue to be against that. And, in terms of rank order, we also would like to see accelerated payments inactive, which are found at the moment in H.R. 1071.

In closing, Mr. Chairman, we endorse both bills. We suspect, in fact we know, that the various provisions of both bills would eventually be merged in some way and we have no problem with that. As one of the earlier speaker said with respect to the full payment of tuition, more is always better so we think, but we are not going to haggle over that. We are just as happy with 90 percent which we believe is light years away from where we are now and we commit to working with the committee and seeking passage of this measure. Thank you very much, sir.

[The prepared statement of Mr. Daniels appears on p. 203.]

Mr. HAYWORTH. Thank you, Mr. Daniels. Mr. Frasure.

#### STATEMENT OF WILLIAM F. FRASURE

Mr. FRASURE. Yes, thank you, Mr. Chairman. I would just like to let you know that I am a young veteran who went to school on the GI bill in the early to mid-1990s, so, today, although I speak primarily for VVA, I am also heavily speaking for today's young veterans, veterans of Desert Storm and Somalia, and so on. And also for the potential recruits in today's high schools. I thank you for this chance to publicly comment on today's GI bill and its future.

This subject is of the utmost importance to VVA. Yet, more importantly, the GI bill is of great concern to today's soldiers and tomorrow's veterans, many of whom are in high school right now. With such a powerful economy and the advent of super technology, high school seniors have an abundance of opportunities such as this Nation has never seen the likes of. These variables, coupled with a modern and pervasive societal temperament that discourages military service, serve to make the military the last option considered by today's youth.

The GI bill is marketed towards this youth. It is portrayed through mass advertising in such a skewed light that there is a common perception, albeit mistaken, among the general public, that the GI bill will send a veteran through 4 years of college. The truth is a far different reality. Today's GI bill will pay, on average, a little more than one-fourth the amount of 4 years' expenses at a State university at in-State costs. Long gone are the days of former infantrymen walking the halls of Yale and Stanford. The fact that academically qualified veterans are by and large excluded due to their economic stations in life from the top prestigious institutions that churn out tomorrow's leaders is not only detrimental to veterans, but it is a real blow to this Nation as well.

The VVA sincerely believes that the time has come for a serious overhaul of the existing Montgomery GI Bill. A truly substantial GI bill is one benefit that will, in turn, benefit this Nation for generations to come. There is widespread consensus among many entities

that a change is in demand. The Senate Armed Services Committee has roundly endorsed an initiative to bolster the Montgomery GI Bill. The full Senate has approved this initiative. All of the military service chiefs, along with the Secretary of Defense, have testified that educational benefits need to be significantly enhanced in order for the services to meet basic recruiting requirements.

The recruiting problem faced by Armed Forces today speaks volumes about the inefficacy of the Montgomery GI Bill. Above all, a young potential recruit wants to be certain that if he volunteers for the military, that his or her service will not render him behind the eight-ball in regards to his employability and educational advancement. Unfortunately, too many young veterans today question in all practicality why they bothered to volunteer for the military.

Most veterans who attend college find themselves taking out loans and working many hours to pay for their school. Taking out loans and working is indeed honorable and it is the way most students today pay for school, yet it is the same exact position a veteran would be in had one decided not to volunteer for the military in the first place. In practical terms, this renders many young veterans' time spent in the military a waste. Too many young veterans are simply 4 years behind their peers who did not volunteer for the military.

Again, VVA strongly supports the recommendations made by the Transition Commission in regards to improvements of the GI bill. There are three current and pending pieces of legislation that incorporate the Transition Commission's recommendations in varying forms. VVA supports S. 4, H.R. 1071, and H.R. 1182. Any one of these individual bills would make a significant improvement to the current Montgomery GI Bill.

The past two decades have seen substantial and generous increases in student aid for varying groups of the American population. The veterans have been on the bottom of the pile even though veterans are the one group that make a serious contribution to the welfare of this Nation before they receive an education benefit.

Congress should be reminded that the demographics and dynamics of today's enlisted ranks has not changed with the All-Volunteer Force. It is still the sons and daughters of the middle-and lower-class families that bear the brunt of this Nation's defense. At one time, this Nation and its government appreciated such a sacrifice made by these fine American citizens enough to make a real investment in their futures. The benefit paid on today's GI bill is of such a inconsequential sum that less than 40 percent of eligible participants even use it.

Far too many young veterans leave the service knowing full well that their economic station and employability will not be directly improved by their military service. VVA finds this unacceptable and urges the Congress and the administration to make a veterans' education a priority of this Nation once again.

Mr. Chairman, the VVA urges you to urge the Congress to restore the GI bill to its past efficacy. VVA is fully aware of monetary and budgetary restraints placed on Congress' spending ability. VVA would like to again remind the Congress that a new, improved GI

bill is not just money being spent, but is a national investment in this Nation's future infrastructure.

The All-Volunteer Force has created a chasm between veterans and the public and young veterans and their non-veteran peers. It is time to close this chasm. It is time for veterans once again to assume positions of leadership in policymaking circles in the business world and in academia. These veterans are a national resource. They are natural leaders. The government should make full use of this resource and provide the best financial aid possible to veterans. Young American citizens join the military expecting their sacrifice to eventually improve their economic station and employment prospects. Indeed, their sacrifice merits them a positive future, marked by the best of possible educations. Thank you, Mr. Chairman and subcommittee.

[The prepared statement of Mr. Frasure appears on p. 205.]

Mr. HAYWORTH. Thank you very much, Mr. Frasure. Next we have Mr. Gaytan.

#### STATEMENT OF PETER GAYTAN

Mr. GAYTAN. Thank you, Mr. Chairman. I appreciate the opportunity to provide testimony this morning or, rather, this afternoon regarding improvements to the Montgomery GI Bill.

At a time when recruiting and retention are a main concern in our military, it is imperative that military benefits and incentives are secured and, in cases such as the GI bill, adjusted to meet the needs of today's servicemembers and potential recruits. AMVETS recognizes that the provisions in H.R. 1071 and H.R. 1182 are a solid attempt to meet those needs. As a veteran who has taken full advantage of the Montgomery GI Bill, I can assure you that this benefit was a determining factor in my decision to serve in the U.S. Air Force. My college education and ultimately my career ambitions would have been virtually unattainable if it were not for the educational opportunities afforded me through the GI bill.

Although the GI bill does, indeed, attract quality recruits to the Armed Forces, there is a real need for updating the provisions of the bill to meet the rising costs of education. As Chairman Stump pointed out in his remarks regarding the Servicemembers Educational Opportunity Act of 1999, the existing GI bill falls short by more than \$6,000 annually in paying tuition, room and board, fees, books, and transportation at public institutions and more than 15 percent at private institutions.

AMVETS agrees with the chairman that, quote, "Veterans deserve better," end quote. As newly discharged veterans begin to use their earned educational benefits, the high cost of enrollment and start-up fees is often a deterrent. The accelerated payment plan outlined in H.R. 1071 will serve as a key benefit for those who may be struggling to meet the initial cost of enrolling in college. Strengthening the Montgomery GI Bill has long been an initiative of AMVETS. We are part of a joint task force formed by several veterans' service organizations to examine the elements of the existing GI bill and consider the changes that need to be made.

AMVETS, in coordination with this task force, has identified several provisions of the existing GI bill which require improvement in order for the bill to remain a true benefit to servicemembers.

Changes which must be made are: the amount paid to participants should be increased to include payment of the full cost of tuition, fees, books, and supplies to qualifying veterans; the removal of inequities and barriers in current law that restrict the veterans from access to the GI bill due to a break in service, level of education, ROTC and service academy experience, and reserve or National Guard service; eliminating the \$1,200 contribution requirement; paying qualifying veterans a monthly subsistence allowance and automatically index the allowance to education inflation and specify that the allowance will not be counted as income for determining eligibility for other Federal education loans and grants; authorize veterans 10 years from date of first use of benefit to utilize their GI bill; authorize universal transfer of unused benefits to the spouse and/or dependent child or children of the veteran with the transferability at the sole discretion of the veteran beneficiary.

Americans today should be deeply concerned by the news that the military services are losing qualified people and are failing to meet recruitment goals. Maintaining a well-trained, fully capable military force is as important today as ever. Enhancing the Montgomery GI Bill will help ensure that the U.S. Armed Forces continue to recruit and retain the most qualified candidates for military service. In addition to serving as highly effective recruiting tool, an enhanced GI bill will provide America's veterans an alternative means of financing their education. Military service would no longer be viewed as an obstacle to earning a college education, but rather a means of guaranteeing it.

In closing, AMVETS recognizes that H.R. 1071 and H.R. 1182 both contain provisions that either meet or exceed the recommendations reached by that task force. It is now our shared responsibility to see that these bills reach full approval in Congress. Mr. Chairman, we commend the committee on their continuing efforts to secure benefits for our Nation's veterans and we look forward to working with you in the future. Thank you.

[The prepared statement of Mr. Gaytan appears on p. 211.]

Mr. HAYWORTH. Thank you, sir. Mr. Puglisi.

#### STATEMENT OF MATTHEW L. PUGLISI

Mr. PUGLISI. Good afternoon, Mr. Chairman, and thank you for providing the American Legion the opportunity to participate in today's hearing regarding the future role of the Montgomery GI Bill with respect to military recruitment and veterans' readjustment.

The American Legion commends you for holding this hearing on a program near and dear to its heart. One conceived and made by real by Legionnaires in 1944. It is also, more importantly, a program that literally changed America for the better as no other social program since the Homestead Act. We are encouraged that not one, but two excellent bills are before this subcommittee. Both would dramatically improve the effectiveness of the Montgomery GI Bill as a recruiting tool and a transition assistance program for servicemembers separating from the military. We request that you and your colleagues take advantage of this opportunity and produce a bill that wins passage and returns the GI bill to its once-great stature.

Societies have often rewarded their citizens for faithful military service since antiquity. Ancient Rome rewarded her military veterans with a plot of land, a cash payment, and citizenship after 20 years of service. Switzerland, even today, makes the performance of military service a condition for males for possessing the right to vote. France offers citizenship to Foreign Legionnaires who successfully complete a 5-year enlistment. These benefits share something in common. They are earned, not handouts. And they empower the recipient to better themselves.

After World War I, America ignored the practices developed by ancient and more modern societies. She offered pitiful benefits to veterans from the war to end all wars. Left to make their way after a few years of military service, these veterans of World War I were soon confronted by the Nation's economic collapse. The United States was all too soon back at war and at American Legion posts across the country, legionnaires discussed the hardships they had faced after World War I. They promptly agreed that what they wanted most after the first world war was an opportunity to better themselves. They resolved that the Americans then fighting around the world would not return and struggle after World War II.

The original GI bill was born from this resolve and foresight and it not only assisted veterans, it transformed America. And, as I pointed out earlier, is the greatest piece of social legislation ever passed since the Homestead Act of 1862.

But GI bill benefits were less generous for Korean and Vietnam veterans and these benefits were consequently utilized less and less. And the Montgomery GI Bill although an excellent program and one born out of an idea not only to help recruiting but also to help veterans' transition, those benefits were even less generous. By 1996, as is pointed out in Mr. Stump's statements on the House Floor, these benefits do not even come close to paying for college costs today.

The proposals contained in the two bills before this subcommittee and the Transition Commission report proposals are dramatic improvements over the current benefits available under the Montgomery GI Bill. Our view of GI benefits is not only as transition benefits, but as a recruiting tool as well. This modern view of GI benefits can only be validated by dramatically increasing the benefits, as they all do. As a transition assistance program, the current Montgomery bill falls short in light of how little college costs it pays, as I pointed out earlier. And as a recruiting tool for the Armed Services, it is lacking as well, as has been pointed out in past hearings and this morning.

Unless these benefits become truly special in relation to other educational benefits available to all young Americans, then these benefits will not attract young Americans to consider military service. In light of the recruiting shortfalls the services have experienced since last year, the costs of this shortfall in the Montgomery GI Bill have become all too evident.

The American Legion, although impressed with both bills, is very concerned about the risk of no enhanced Montgomery GI Bill proposal passing Congress this year. This opportunity will not likely present itself again. In 1991, in the wake of the Gulf War, the American Legion proposed a GI bill for Gulf War veterans. The eco-

conomic and budgetary conditions then were very unlike the ones we enjoy today. The proposal, as we all know, failed to generate enough support in Congress. But the economy in the state only imagined in the wildest dreams of economists and the Federal Government collecting more money in taxes than is spent, the time is right to energize the Montgomery GI Bill.

The two proposals before the committee, although so similar, are offered in an atmosphere that one cannot describe as altogether collegial. We therefore request that the members reach an appropriate compromise for the sake of our young men and women in uniform. Mr. Chairman, this concludes my testimony. And I will be happy to answer any questions.

[The prepared statement of Mr. Puglisi appears on p. 215.]

Mr. HAYWORTH. Thank you very much, sir. And I guess diplomacy is stating the obvious in a muted fashion and I congratulate you on that assessment of what may be transpiring here in the Congress.

Mr. Thomas.

#### STATEMENT OF HARLEY THOMAS

Mr. THOMAS. Good afternoon, Mr. Chairman. On behalf of the Paralyzed Veterans of America, it is a pleasure to be here today to comment on the Montgomery GI Bill with respect to enhancements thereof.

At a time when our Nation is at risk because the military services are not meeting their recruitment and retention requirements, an enhanced and properly structured education benefit would be a powerful incentive for high-quality, college-bound, high school graduates to consider military service as a path to higher education. According to the Veterans' Transition Assistance Commission, benefits and services under the existing Montgomery GI Bill have become so outdated and program management so ineffective, that they break faith with those who served and currently serve their Nation in uniform.

Without a military draft, the security of the United States depends upon the ability of our Armed Forces to recruit large numbers of highly qualified volunteers to operate increasingly complex technology and conduct the rigorous operations required for national defense in the next century. The intent of the Montgomery GI Bill was to give the Armed Forces a tool to recruit and retain quality men and women to serve our Nation in uniform. The current benefits available under this bill no longer accomplish this goal.

The average cost of a college education has quadrupled in the last 20 years, growing nearly twice as fast as inflation. By enhancing the Montgomery GI Bill to cover the full cost of tuition, fees, books, and supplies, along with providing a reasonable subsistence allowance, indexed for inflation, will bring the Montgomery GI Bill into the 21st century and help create a real GI bill once again. In addition, the elimination of the \$1,200 basic pay reduction is a must. This enhanced Montgomery GI Bill would create a powerful recruitment tool and retention tool for all branches of the military, for those individuals who complete at least 48 months of honorable Active Duty.

Today, almost all servicemembers are high school graduates. Almost 60 percent are married and many have children. Approximately one servicemember in six is now a woman. The challenges facing recruitment and retention of quality members of the Armed Services is more complex than at any time in our history. In the 21st century, our Nation must fulfill its moral obligation to those who commit themselves to our defense and, in turn, capitalize on the investment in their training and development.

It is essential that the Armed Forces provide better assistance to members transitioning from Active Duty. It is absolutely unacceptable that the unemployment rate for newly separated veterans, men and women alike, for dedicated, mature, skilled, trained, and disciplined exceeds that of nonveterans, the same age, by over 20 percent. Additionally, all veterans who are newly separated, disabled, or burdened with a barrier to employment should be given priority for all federally funded employment and training programs for which they qualify. Veterans who are disabled as a result of injuries or illnesses incurred or aggravated while on Active Duty represent an absolute obligation for the Nation. Existing programs intended to enable these veterans to secure employment have proven ineffective in achieving this goal.

In conclusion, PVA believes that enhancement of the true GI bill will serve the interests of the men and women of our Armed Forces, our country, and the taxpayers. If our Nation is to keep faith with the men and women who defend our freedom, we must make the proper investment in them while they serve. Improved transition and readjustment to civilian life and increased opportunities to succeed in civilian life are absolutely necessary. By capitalizing on the unique economic and human resources that former servicemembers represent, by increasing efficiency in the use of scarce taxpayer dollars and at the same time, by making military service more attractive, the military will be able to attract and retain individuals of the highest caliber needed to preserve peace throughout the world.

That is the conclusion of my testimony and I will be happy to answer any questions.

[The prepared statement of Mr. Thomas appears on p. 221.]

Mr. HAYWORTH. Thank you, Mr. Thomas, and I would like to thank all the members of the panel. The chair would like to note that Deputy Under Secretary Nora Egan has asked a number of the VA professional staff members to remain here with us this morning to hear testimony from our additional panels. So I am pleased to recognize Ms. Judy Timko, Mr. Dennis Douglass, Ms. Barbara Shea, Mr. Dean Gallin, Mr. Bill Buffington, and Ms. Alexa Jensen, who are still with us here this morning to hear the important views of parties other than the VA. And I would commend those staff members for remaining with us to listen.

A couple of notes. As we heard different testimony, we should give credit where credit is due. The chair has a real personal concern about the redefinition of volunteers in terms of service, apart from men and women in uniform, as exemplified in the AmeriCorps program and the chair would note, for historical accuracy, that in a bipartisan way, Sonny Montgomery and Bob Stump, with the help of the American Legion and other VSOs worked to ensure that

the education benefits under AmeriCorps were not more generous than those benefits provided to our Nation's veterans.

From my perspective, the chair would go a bit further. It would be my intention, if I could do this with just one vote, to eliminate AmeriCorps and put all that money into veterans' education. Because I believe that is the truest form of service to our Nation. And I think, given the challenges we face with an All-Volunteer Force and the fact that we ask men and women truly to volunteer to put their lives on the line for our Nation, that that is the very least we can do.

Gentlemen, let me ask you to go down the line and—this should not surprise you because it is not really a pop test and it is kind of to get a sampling of what we are doing—you all have offered your perspectives from your respective VSOs on the proposed legislation, but, again, if there were just one thing that we could do, one thing to improve the Montgomery GI Bill—whether it be for recruitment, readjustment, for current programs or new programs—what should we do? One thing. I will ask each of you and let us begin with Mr. Thomas.

Mr. THOMAS. Adequate funding to provide a true GI bill and transition.

Mr. DANIELS. Payment of tuition, fees, plus a living stipend.

Mr. FRASURE. Yes. I realize the budget restraints on Congress, of course. I like very much the education professional's suggestion. I think a GI bill, a fair GI bill would at least, at a minimum, pay the full tuition and expenses at a State university, at a flagship university of a State or that fashion.

Mr. PUGLISI. Mr. Chairman, clearly, as was pointed out in the earlier panel, covering the full cost of tuition or 90 percent, in one of the bill, is really going to do the trick. It is also the most expensive part of the proposed bills, but nevertheless, as a recruiting effort, recruiters can honestly look at potential recruits in the eye and say Uncle Sam is going to take care of college when you are all done, son. It is on us. And, by doing that, they will do a better job of recruiting. And as a readjustment program, it prevents veterans from having to take out loans and, in many cases today, making the decision not to take advantage of the benefits because it is really just too much of a hassle.

Mr. GAYTAN. Mr. Chairman, AMVETS believes that the elimination of the \$1,200 pay-in for recruits would be most important. Eliminating that entirely.

Mr. HAYWORTH. I thank you for your insight and for your testimony and you are excused.

The chair would now call on panel four to join us. Those coming forward on panel four include Mr. Larry D. Rhea, deputy director, legislative affairs for the Non Commissioned Officers Association; Mr. Charles Calkins, the National Executive Secretary of the Fleet Reserve Association; Mr. John J. Daly, legislative assistant for the Retired Enlisted Association; and Mr. Benjamin H. Butler, U.S. Marine Corps, Retired, associate legislative counsel, National Association for Uniformed Services.

Mr. Rhea.

**STATEMENTS OF LARRY D. RHEA, DEPUTY DIRECTOR, LEGISLATIVE AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION; CHARLES L. CALKINS, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION; JOHN J. DALY, LEGISLATIVE ASSISTANT, THE RETIRED ENLISTED ASSOCIATION; BENJAMIN H. BUTLER, U.S. MARINE CORPS (RET.), ASSOCIATE LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES**

**STATEMENT OF LARRY D. RHEA**

Mr. RHEA. Thank you, Mr. Chairman, and good afternoon to you, sir. The Non Commissioned Officers Association thanks you for the invitation to appear today and discuss the veteran education benefit. We thank you for that and also for the substantial work that you and the members of this subcommittee have undertaken to improve and enhance this important veteran benefit.

The associations membership, Mr. Chairman, is drawn from the ranks of non commissioned officers and petty officers still serving in the military services. It is also drawn from former NCOs and petty officers who now answer to the title "veteran." Considering that 70 percent of the military forces at any given time are enlisted men and women and with a similar percentage of the veteran population being former enlisted, you can easily understand why the veteran education benefits comprise such a high priority and importance for NCOA.

It is important to us for the value it has in helping the military services recruit and retain quality people and it is equally important to us for the value it has as a post-service readjustment benefit. For these reasons, Mr. Chairman, NCOA cannot overstate the importance that we attach to the education benefit. The association is sincerely grateful for this hearing and we hope that our prepared testimony and the comments at this hearing will be useful to the important work that you have embarked upon.

It is now widely, if not universally recognized, Mr. Chairman, that over the course of the last two decades that we have not done a very good job in performing preventative maintenance on the Montgomery GI Bill. Despite the tremendous evidence compiled on the return the Nation receives for the investment made in veterans' education, the veterans' education benefit has been the most neglected of all Federal education programs in the last 15 to 20 years. Today the eroded value of that benefit is now evident in unattained recruiting and retention goals within the military services. The deterioration of the benefit is also evident in the low post-service training rate.

The challenge before us, at least in NCOA's opinion, is how to balance what we would like to see done to improve the benefit against that which is realistically attainable. We have advocated for many years, this association would like to see a return to the World War II era GI bill that was so resoundingly successful. That is why NCOA was very pleased with most of the recommendations of the Transition Commission. We believe they validated what this association has been saying for many, many years. We are also pleased that two other major bills, Chairman Stump's bill and Mr. Evans' bill are being considered and discussed.

But, based upon what we have been hearing, Mr. Chairman, the association believes that this subcommittee will be under certain constraints to balance desired enhancements against improvements that are actually doable. Our prepared testimony set out our priorities that we recommend to be followed if we have to settle for something less than the full loaf. I would be happy to discuss any of our priorities with you if our prepared testimony is unclear in any way.

The association also identified several other quirks and inequities in current law in establishing a veterans' eligibility for benefits that beg for correction, in our view. Some of these issues, Mr. Chairman, are low-hanging fruit that, in some cases, have minimal cost associated with them and we sincerely hope that any enhancements advanced by this subcommittee will also include corrective action on some of those inequities. Some of them that, in many cases, no longer make any sense at all if they ever made any sense.

And let me conclude my oral comments, Mr. Chairman, by saying that this is one association that is prepared to work with all of you in this endeavor. We believe the need for reform and improvement of the veteran education benefit has been established. There is no question in our mind on that. We also believe that there are reasonable improvements that we can achieve.

I look forward to responding to your questions and the association thanks you for including our prepared testimony in the hearing record. Thank you, Mr. Chairman.

[The prepared statement of Mr. Rhea appears on p. 224.]

Mr. HAYWORTH. And thank you, Mr. Rhea. Mr. Calkins.

#### STATEMENT OF CHARLES L. CALKINS

Mr. CALKINS. Mr. Chairman, I am Chuck Calkins, the National Executive Secretary of the Fleet Reserve Association. The FRA represents a membership in excess of 155,000 active-duty reserve and retired enlisted men and women, all veterans, of the Navy, Marine Corps, and Coast Guard. On their behalf, I extend gratitude for the opportunity to comment on the subject bills H.R. 1071 and H.R. 1182, along with certain provisions related to the Montgomery GI Bill contained in the Senate bill S. 4.

First, allow me to compliment both the sponsors and cosponsors of the two House bills. But compliments are not enough. Most important is the message being delivered to the young men and women who may be thinking of enlisting or those who may be facing the decision to reenlist for another term in their respective military service.

That message is as follows: First, Congress, in the form of the House Committee on Veterans' Affairs, is deeply concerned that unacceptable recruiting and retention numbers in the Armed Forces are adversely affecting military readiness. Secondly, that the Montgomery GI Bill as one of the major incentives for enlisting in the uniformed services is in need of improvement. And, finally, that if the current civilian climate is not reversed, the MGIB is not enhanced, meeting accession goals set by the military services will not be a reality in the near future. An almost identical situation applies to the retention in the uniformed services.

Let me say it this way. The rest of the message you are sending goes to the men and women contemplating a second or third enlistment. For example, Congress is thinking of your well-being. Also, it is concerned with the excessive personnel tempo you are undergoing to keep up with the operational tempo that has increased 300 percent since 1991. And, finally, an improved MGIB could be enough of an incentive for you to continue serving your country as a members of the Armed Forces.

Mr. Chairman, there should be no argument that the MGIB must be strengthened. Congress must insist that MGIB benefits be substantially more attractive than other educational assistance programs which do not require the commitment made by those serving their Nation in the uniforms of the Navy, Marine Corps, and Coast Guard. By now it should be clear that FRA's first priority in enhancing the provisions of the MGIB is the preservation of the All-Volunteer Force. We must ensure that there is adequate military manpower to meet the operational demands of the Nation's area commander-in-chiefs and individual commanders and to maintain a high state of personnel readiness in the Armed Forces of the United States.

In this respect, FRA is offering the recommendations listed in its prepared statement. Included are as follows: A. Eligibility. As a minimum should be a high school diploma or equivalent. B. Educational expenses should be 90 percent of actual costs or the full cost for those reenlisting for second and subsequent terms. C. Stipends. Maybe we should look at these between the amounts offered in both bills. All benefits should be excluded from income tax. And, finally, as important, pay reduction should continue, but at \$50 per month for 24 months. And I believe I am the first one to say that today. I think everyone wants to do away with the \$1,200 fee, but I think that we should continue with that fee.

For uniformed service members opting for second and subsequent enlistments, improved benefits should include stipends and increased assistance for personnel choosing to pursue advanced education courses during off-duty hours. All active-duty or reserve personnel, as well as military retirees and other veterans, should be afforded the opportunity to switch to the MGI bill now and/or if previously enrolled in VEAP. Only when a member completes a 20-year career in the active military should he or she have the authority or the opportunity to transfer entitlement to a family member.

The recommendations made here today are not indicative of the FRA's lack of concern for veterans who have served but chose not to remain in uniform. FRA's immediate concern is with the Nation's declining defense posture. However, any improvements deemed necessary by this distinguished subcommittee for today's as well as the Nation's future veterans will receive the Fleet Reserve Association's endorsements. Thank you, Mr. Chairman, and I stand ready for your questions.

[The prepared statement of Mr. Calkins appears on p. 237.]

Mr. HAYWORTH. Thank you, Mr. Calkins. Mr. Daly.

#### STATEMENT OF JOHN J. DALY

Mr. DALY. Mr. Chairman, I come here today on behalf of the 100,000 members and auxiliary of The Retired Enlisted Association

to discuss one of the most important pieces of legislation ever passed by this body, comparable, perhaps, only to the Louisiana Purchase and the opening of the West. Legislation commonly referred to as the GI bill dramatically changed the American way of life. We can imagine the number of doctors, scientists, and teachers who are able to pursue a college education because of the GI bill. We can also imagine the number of quality men and women who have served in our Nation's Armed Forces in order to receive this benefit.

Today we are engaged in a great debate. How can we improve on this program to guarantee that the youth of America are drawn to the All-Volunteer Force and to guarantee those who serve have a quality educational benefit. For the GI bill is more than just a recruiting tool, it is a transition benefit. This organization anxiously awaited the release of the Commission on Servicemembers and Veterans' Transition Assistance report to Congress and the recommendations it would make concerning the Montgomery GI Bill, MGIB. We are pleased with the recommendations and grateful to Chairman Stump and Ranking Member Evans for introducing legislation which would act upon the Commission's findings.

H.R. 1182 and H.R. 1071 underscore one primary realization. The MGIB in its current form, needs to be modified to continue to provide both a quality recruiting tool and transition benefit. I would now like to address two specific issues which TREA feels could help achieve this goal.

Mr. Chairman, the Armed Forces of the United States are, in the eyes of many, simply an employer, another job opportunity. The services provide job training, experience, and associated benefits. One of these benefits is educational assistance. This is not a new concept monopolized by the military. Many large corporations offer educational benefits and many are more lucrative than the MGIB, due to the fact that since the MGIB was implemented, the increase in costs of higher education has far outpaced inflation.

Unfortunately, MGIB payments have not kept pace, thereby dramatically increasing the payment required from the veteran. With an increasing number of married veterans, we see an additional emphasis on the gap between college tuition and the purchasing power of the GI bill, making transition to civilian life more difficult. Further, an 18-year-old who is trying to determine whether or not to enter the service, is going to compare the benefits with other potential employers and it would be foolish of us to think that a potential recruit will fail to recognize the purchasing power of the GI bill is going to be reduced every year. How can this compare with a corporation which offers a set percentage, regardless of tuition increases? Obviously, it cannot and our military is suffering because of it.

Secondly, I would like to speak for a moment about something we are calling traditional 4-year degrees versus nontraditional schooling. As the face of society has changed, so has the practical definition of education. No longer is a 4-year college degree the only available form of higher education.

In particular, service members with technical or computer training may leave the service and take an intensive training program over several months. These programs may cost the same amount

as college tuition, but be required in a far shorter time frame. We would urge the subcommittee to consider developing an accelerated reimbursement program whereby veterans who enroll in certified educational programs can receive payments in an amount equal to the schedule of their tuition payments.

The recommendations of H.R. 1071 and H.R. 1182 will certainly help alleviate the existing deficiencies in the MGIB. Certainly any increase in tuition payments will make the GI bill a more attractive recruitment tool and a more efficient transition tool. The members of this organization urge Congress to determine a percentage, regardless of what that percentage may be, of tuition and fees that the GI bill will cover. Legislative language along these lines will help avoid having a future version of the GI bill lose its purchasing power in the not-too-distant future by developing a fail-safe system which will keep pace with the increases in the cost of education.

However, we are concerned with the required offsets for such increases. The MGIB is, as you know, mandatory spending. Therefore, an increase would require an offset which would need to come out of another veterans' benefit account, an offset which will likely harm another benefit program. Although I will welcome any increase in GI bill benefits, we must urge caution on the part of Congress to protect and maintain existing benefits.

Mr. Chairman, the MGIB has made the second half of the 20th century in this country. Now, as we look into the 21st century, we can envision the impact the GI bill will continue to have on future servicemembers. At the same time, we must realize that the GI bill needs to change so it may continue to provide a worthwhile benefit. The members of The Retired Enlisted Association commend this subcommittee and all your colleagues on the Veterans' Affairs Committee for beginning this undertaking. We look forward to working with you to shape the next generation of American veterans.

Mr. Chairman, thank you for your time. I would be pleased to answer any questions you may have.

[The prepared statement of Mr. Daly appears on p. 244.]

Mr. HAYWORTH. Thank you, sir. Mr. Butler.

#### STATEMENT OF BENJAMIN H. BUTLER

Mr. BUTLER. Thank you, Mr. Chairman. The National Association for Uniformed Services appreciates this opportunity to submit this statement concerning the future role of the Montgomery GI Bill.

We feel the Montgomery GI Bill is a key ingredient in recruitment and a key ingredient in veterans' transition. Mr. Chairman, during my 21 years as a Marine, I spent 16 years associated with recruiting. I worked at all levels of the recruiting command, to include canvassing recruiter, non commissioned offer in charge of recruiters, recruiter instructor, formal school instructor, and as a national contact team member traveling throughout the United States working with recruiters and their leaders.

With this background, I feel qualified to tell you that the Montgomery GI Bill is a critical recruiting tool. In my presentation that I would give to prospective recruits, I would use a set of what we call benefit tags. These benefit tags listed several qualities that these young people would choose from as important traits or char-

acteristics that they felt were important for their future. In almost 90 percent of these cases, the young people chose educational opportunities as one of their top 4 choices. Now, as often as I could, I would ask the parents to sit in on the interview also. And when I asked parents what they felt was important, this choice of the educational opportunities tag jumped to almost 100.

Young people today are concerned about education and their parents also greatly realize the importance of it. In today's competitive environment, military recruiters are competing not only with the other services, but also with colleges, businesses, and the blue-collar workforce. Improvements in the current Montgomery GI Bill will help our recruiters be more competitive with these other options which, in many cases, as we have already discussed today, offer a comparable benefit without the rigors and dangers associated with military service.

Mr. Chairman, when I retired from the Marine Corps in 1996, I spent my first 2 years transitioning and readjusting to my new career. Since I was the primary breadwinner in my family, I certainly didn't have the option of attending college full-time. And, because of my travel schedule, part-time was even a stretch. I am currently enrolled in my second semester of college. I have increased my course load from one course per semester to two. This is a challenge. Working full-time and attending college, even two courses, involves a full, challenging schedule.

Luckily, I carried many credits from college courses I took while on Active Duty into my current degree program. This will allow me to complete my degree and begin work towards a masters degree in the 10-year window that I have after leaving the military, but it is going to take a good chunk of that time to get it done, even though I brought 60 credits to the table already.

I believe the optimal situation would be to attend college full-time, receive my masters degree in 4 to 6 years, and then find a second career with my newly earned educational credentials. This is even more important for the younger veterans. Many of them spend all their time beginning their first career and many never have the opportunity to use their benefit at all.

At the current level of benefit, going to college full-time is simply not a viable option, especially with a family. Both H.R. 1182 and H.R. 1071 would offer significant increases in funding that would assist all veterans as they transition from the military into the civilian world. This will greatly increase the option of being a full-time student and obtaining a college degree much sooner. It will actually be an asset in the transition process.

Mr. Chairman, as a representative of NAUS and as military retiree myself, I would be remiss if I didn't mention one other factor that must be considered. We believe this has a significant impact on both retention and recruiting in today's military. All benefits are important, but the most important benefit is the belief that something promised for military service will actually be received.

As a leader in recruiting, I always taught my Marines the importance of being totally honest in dealing with applicants and their parents. I know that all it takes is one unsatisfied customer to poison a recruiting area. The general feeling among the members of our association is that the promises made to them have been bro-

ken. This is especially true for lifetime medical care in return for 20 years of service. Many retirees are hesitant to recommend a military career to those that they mentor because of the broken promises that have been made to them.

If and when we provide this enhanced GI bill benefit as a recruiting and transition tool, let us keep this promise and continue to correct the other broken promises that have been made. Only then will the military regain one of its most productive recruiting tools: military retirees and veterans in the local community who do the selling to military prospects who seek their counsel. Mr. Chairman, thank you again for giving us the opportunity to present this testimony today.

[The prepared statement of Mr. Butler appears on p. 248.]

Mr. HAYWORTH. And, Mr. Butler, I thank you. The chair would also announce, not a promise, but his desire that, given the academic challenges you face also with work, that you get extra credit for coming down and spending time with us today, although I know not the discipline you are pursuing, educationally.

Gentlemen, the question I have is what we have asked the other panels. Knowing the gulf between the real and the ideal, isolate for me the most important improvement we can make, in your mind. And Mr. Rhea, we will begin with you.

Mr. RHEA. It is not an easy question, sir, okay? And you realize that. And, as much as we detest that \$1,200 contribution and have worked since the time that was put on there to have that repealed, given the question, our answer is this: improve the benefit. Substantially improve the benefit. If that is the Evans measure, you will have our support. If that is the Stump measure, you will have our support.

But what we did in our prepared testimony is suggest to you that there is a benchmark and that benchmark exists from a program that was enacted in 1981 at exactly the same time the Montgomery GI Bill was written. And because of different features in the way the program was structured, that program today will pay a veteran going to college between \$1,100 and \$1,200 a month in benefit. So I am saying that should be the minimum benchmark that we strive to move forward from.

Mr. HAYWORTH. Thank you, sir. Mr. Calkins.

Mr. CALKINS. Mr. Chairman, in my statement I mentioned the opportunity for people to receive funding while they are on Active Duty during their off-duty hours. And what I was trying to say is that a lot of our youngsters—and I feel I can say that; I retired from the Navy longer than I was in the Navy—they work a second job to provide for their families while they are on Active Duty, but if we had funding for their advanced education, off-duty, they wouldn't have to go to work and find a second job.

Mr. HAYWORTH. Thank you, sir. Mr. Daly.

Mr. DALY. Mr. Chairman, I graduated from college in 1996. My wife entered college in 1990. We went to the same university. In that time frame, tuition increased 100 percent. It was less than \$10,000 for her her freshman year. It was \$20,000 for me in my senior year. We know inflation didn't do that. We have to pick a percentage, whatever it was like Larry Rhea said, and stick with it so a guy knows what he is going to get every year he is in school.

Mr. HAYWORTH. Thank you, sir. And Mr. Butler.

Mr. BUTLER. Yes, sir. The financial aspect, as many people have mentioned today, is very important. One other thing that hasn't been discussed and one of our legislative priorities when it comes to the GI bill is that a veteran would have 10 years from the first use of the GI bill to complete his college education, vice the 10 years that they have from separation, as it stands right now. And I realize that you can't have an open-ended benefit like that, but possibly, and the way we propose it, is that you would have 10 years from the first use for a maximum of 15 years after separation.

Mr. HAYWORTH. All right, sir. I thank you. And to the members of panel four, thank you all for your testimony and your perspective. The chair appreciates it.

The chair would call panel five, which includes Mr. Joshua W. Krebs, U.S. Air Force, Retired, who is the manager of legislative affairs for the Air Force Sergeants Association. Mr. Theodore Stroup, U.S. Army, Retired, vice president, Association of the U.S. Army. And Mr. Robert F. Norton, U.S. Army, Retired, deputy director, government relations of The Retired Officers Association.

The chair would also say to those who join us on the fifth panel, thank you for your incredible patience. And it is certainly not the intent of the chair to shortchange or diminish the value of your testimony, however, that four-letter word "time" tends to give us a challenge. So, even though we do have a 5-minute rule, gentlemen, if you could encapsulate your testimony as the chair's presence is required at a Ways and Means markup at the top of the hour, the chair would be very grateful.

And with that in mind, Mr. Stroup, we would appreciate your testimony, please, sir.

**STATEMENTS OF THEODORE STROUP, U.S. ARMY (RET.), VICE PRESIDENT, ASSOCIATION OF THE UNITED STATES ARMY, AND COLONEL ROBERT F. NORTON, U.S. ARMY (RET.), DEPUTY DIRECTOR, GOVERNMENT RELATIONS, THE RETIRED OFFICERS ASSOCIATION**

**STATEMENT OF THEODORE STROUP**

Mr. STROUP. Mr. Chairman, it is a privilege to appear again in front of this committee, this time in a retired status. I speak for soldiers. I speak for soldiers that are commissioned, non commissioned, enlisted, retired, and former soldiers, who can become veterans and who are all veterans. It is very important that the committee act. My single answer to your single question is that the subcommittee and the committee and the Congress must act on enhancing and reinforcing the Montgomery GI Bill. It is extremely important.

Speaking as a former Army soldier, it is also very important that the Army, which has the toughest recruiting mission, also be allowed to continue, through additional funding, the Army college fund. Plus, those soldiers that served with me that are under the VEAP program, particularly under the transition, that they be allowed to do that. This is important. This is important from their readiness standpoint. It is important from the standpoint of the re-

cruiting standpoint. It is important from the standpoint of the retention standpoint.

I was at the birth of the Montgomery GI Bill as a young officer. I was a shuttlecock between Sonny Montgomery and an esteemed general now departed, Max Thurman. I know the value of the Montgomery GI Bill that was born from a recruiting crisis that existed in our Nation before the beginning of the All-Volunteer Force. The insight of the Congress and the current leadership at that time of the Congress, must be reinstated and reverified by the enhancement and perhaps a compromise position between the two bills offered.

Thank you, sir, for the opportunity to testify.

[The prepared statement of Mr. Stroup appears on p. 253.]

Mr. HAYWORTH. Thank you, sir. And thank you for recalling the service of our departed friend General Max Thurman. I am a North Carolinian by birth, Arizonan by the grace of God; a High Pointer, as was General Thurman, and an alumnus of North Carolina State. So the chair has special fond memories of General Thurman. Though, to say the least, he was a demanding task master and that is putting it diplomatically.

Colonel Norton.

#### STATEMENT OF COLONEL ROBERT F. NORTON

Colonel NORTON. Thank you, Mr. Chairman. I suspect that General Thurman might be here in the room in some way. I had the good fortune and the opportunity when I was on the Army staff to work on the GI bill when he was the recruiting command commander. And I also had the privilege of implementing the reserve Montgomery GI Bill from a policy perspective when I was working in the Office of the Assistant Secretary of Defense for Reserve Affairs.

I will cut to the chase, Mr. Chairman, in the interest of time. Make three quick points on behalf of TROA, The Retired Officers Association.

First, we feel very strongly, Mr. Chairman, that, as a matter of fairness and equity, that the first order of business for the Montgomery GI Bill, frankly, is the need to fix the VEAP conversion program. As you know, there are some 100,000 members on Active Duty who have 14 or more years of service and they are stuck with a third-rate benefit through no fault of their own, primarily as a result of the bad advice given them by service counselors to cash-out of VEAP, invest the money, and then put the money back into VEAP when their service concluded.

Frankly, Mr. Chairman, we hear from a lot of these active-duty servicemembers, the career force of today, many of whom are leaving in droves, the mid-careerists. When they look and they see the tremendous potential being offered in these two new bills and they are saying, well, how can Congress enact a bill that would substantially increase the benefit for brand-new recruits but here I have already given 14 or more years of service and I am stuck with this third-rate benefit. So we feel, as a first order of business, VEAP needs to be fixed. And there would be offsets, we believe, in accelerating the administrative termination of that program, which

would benefit the VA, as well as certainly benefit the transition opportunities of these veterans.

The second quick point I would make, Mr. Chairman, is that we certainly agree with General Shelton regarding the need for an enhanced GI bill benefit from a recruiting perspective and we also believe that creating a tuition and expenses benefit would greatly stimulate usage of the Montgomery GI Bill, which has dropped off to less than 49 percent, as you know. If the gold standard was the behavior of World War II veterans, in terms of the usage of the GI bill well then certainly, there should be no doubt from a historical perspective that creating a tuition and expenses benefit would stimulate usage of the GI bill and would plow back into the economy the tremendous potential that veterans can make in the future in the 21st century for the Nation and for the economy. So that is the second point that we would make.

Let me just restate that, if I may. TROA believes that the tuition and expenses component of either bill is really our top priority in terms of the future of the Montgomery GI Bill.

Our final observation, Mr. Chairman, is that we believe that any future reengineering of the Montgomery GI Bill should fundamentally consider how the benefit is delivered. We believe that the GI bill as currently administered is really stuck in sort of mid-century administrative mechanisms. The modalities of delivery of the benefit are outdated and they need to be transformed. The technologies are already there. Credit cards or "smart" cards. Online accounts. Accelerated deployment of the benefits so that young men and women who are married when they retire or separate, have employment obligations, can quickly and efficiently get their benefits.

There is no reason why there should be cumbersome administrative mechanisms that are used to approve training programs these days when there are legions of accrediting bodies that are out there that already do this. Frankly, after all, those who get loans from the government for no service don't have these kinds of hoops and hurdles to climb over in order to get at their benefits. So we believe that a fundamental component for the GI bill of the future should be a quick emphasis on exploiting delivery vehicles that will make sense for the overworked and the highly stressed young men and women who separate from service.

Again, Mr. Chairman, on behalf of the memory of General Thurman and the men and women of the Armed Forces, past and present, I thank you for the opportunity to represent TROA before your subcommittee and look forward to any questions you might have.

[The prepared statement of Colonel Norton appears on p. 260.]

Mr. HAYWORTH. Colonel Norton and Mr. Stroup, we want to thank you very much. And I thank you for the remembrance of our friend General Max Thurman and thank you for mentioning General Shelton, another proud Wolfpacker. So we have some NC State representation here from coast to coast.

In all sincerity, we will take to heart your very cogent recommendations. And those of other panelists who have joined us here today. Suffice to say our mission is clear and we appreciate the insight you offered. And, with that, the subcommittee stands adjourned.

[Whereupon, at 12:57 p.m., the subcommittee was adjourned.]

## APPENDIX

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106TH CONGRESS  
1ST SESSION

# H. R. 1071

To amend title 38, United States Code, to improve benefits under the Montgomery GI Bill by establishing an enhanced educational assistance program, by increasing the amount of basic educational assistance, by repealing the requirement for reduction in pay for participation in the program, by authorizing the Secretary of Veterans Affairs to make accelerated payments of basic educational assistance, and by reopening the period for certain VEAP participants to elect to participate in the program of basic educational assistance, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1999

Mr. EVANS (for himself, Mr. DINGELL, Mr. FILNER, Mr. SHOWS, and Ms. BROWN of Florida) introduced the following bill; which was referred to the Committee on Veterans' Affairs

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## A BILL

To amend title 38, United States Code, to improve benefits under the Montgomery GI Bill by establishing an enhanced educational assistance program, by increasing the amount of basic educational assistance, by repealing the requirement for reduction in pay for participation in the program, by authorizing the Secretary of Veterans Affairs to make accelerated payments of basic educational assistance, and by reopening the period for certain VEAP participants to elect to participate in the program of basic educational assistance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Montgomery GI Bill  
5 Improvements Act of 1999”.

6 **SEC. 2. ENHANCED BENEFITS UNDER MONTGOMERY GI**  
7 **BILL FOR FOUR YEARS OF ACTIVE-DUTY**  
8 **SERVICE.**

9 (a) **IN GENERAL.**—Chapter 30 of title 38, United  
10 States Code, is amended by adding at the end the follow-  
11 ing new subchapter:

12 “**SUBCHAPTER V—ENHANCED EDU-**  
13 **CATIONAL ASSISTANCE**

14 “**§ 3041. Enhanced educational assistance entitlement**

15 “(a) **ENTITLEMENT.**—An eligible individual is enti-  
16 tled to enhanced educational assistance under this sub-  
17 chapter.

18 “(b) **ELIGIBLE INDIVIDUAL DEFINED.**—For pur-  
19 poses of this subchapter, the term ‘eligible individual’  
20 means an individual who meets the service requirement  
21 described in subsection (c) and whose status after comple-  
22 tion of such service is described in section 3011(a)(3) of  
23 this title. Such term does not include an individual de-  
24 scribed in paragraph (1) or (2) of section 3011(c) of this  
25 title.

1       “(c) SERVICE REQUIREMENT.—(1) The service re-  
2       quirement referred to in subsection (b) is as follows:

3               “(A) After September 30, 1999, the  
4       individual—

5                       “(i) first enters on active duty;

6                       “(ii) reenlists or extends an enlistment on  
7       active duty as a member of the Armed Forces;

8       or

9                       “(iii) in the case of an officer, continues to  
10      serve on active duty after that date.

11               “(B) From the date of such entry, reenlistment,  
12      extension, or continuation, as the case may be, the  
13      individual—

14                       “(i) serves a continuous period of active  
15      duty of at least four years in the Armed Forces;

16      or

17                       “(ii) serves on active duty in the Armed  
18      Forces and is discharged or released from ac-  
19      tive duty—

20                       “(I) as provided in subclause (I) of  
21      section 3011(a)(1)(A)(ii) of this title;

22                       “(II) for the convenience of the Gov-  
23      ernment, after having completed not less  
24      than 42 months of continuous active duty;

25      or

1                                   “(III) as provided in subclause (III)  
2                                   of section 3011(a)(1)(A)(ii) of this title.

3           “(2) In determining service under paragraph (1), the  
4 following rules apply:

5           “(A) Any period of service described in para-  
6 graph (2) or (3) of section 3011(d) of this title that  
7 applies to an eligible individual under this section  
8 shall not be considered a part of the individual’s pe-  
9 riod of active duty.

10           “(B) A member described in paragraph (2) of  
11 section 3011(f) of this title who serves the periods  
12 of active duty referred to in such paragraph shall be  
13 deemed to have served a continuous period of active  
14 duty the length of which is the aggregate length of  
15 the periods of active duty referred to in such para-  
16 graph.

17           “(C) Subsections (g) and (h) of section 3011 of  
18 this title apply with respect to an eligible individual  
19 under this section in the same manner as they apply  
20 to an individual under section 3011 of this title.

21           “(d) ELECTION OF BASIC EDUCATIONAL ASSIST-  
22 ANCE.—(1) An eligible individual entitled to enhanced  
23 educational assistance under this subchapter may elect (in  
24 a form and manner prescribed by the Secretary) to receive  
25 basic educational assistance under subchapter II in lieu

1 of such enhanced educational assistance for an enrollment  
2 period. Such an election shall be made by not later than  
3 30 days before the beginning of the enrollment period.

4 “(2) An eligible individual may revoke an election  
5 made pursuant to paragraph (1), but in no case may such  
6 revocation be made later than 30 days before the begin-  
7 ning of the enrollment period.

8 **“§ 3042. Duration of enhanced educational assistance**

9 “(a) IN GENERAL.—Subject to section 3695 of this  
10 title and except as provided in subsection (b), each individ-  
11 ual entitled to enhanced educational assistance under sec-  
12 tion 3041 of this title is entitled to a monthly enhanced  
13 educational assistance allowance under this subchapter for  
14 a period or periods not to exceed a total of 36 months  
15 (or the equivalent thereof in part-time enhanced edu-  
16 cational assistance).

17 “(b) SPECIAL RULE FOR CERTAIN EARLY SEPARA-  
18 TIONS.—Subject to section 3695 of this title, in the case  
19 of an individual described in subclause (I) or (III) of sec-  
20 tion 3041(e)(1)(B)(ii) who does not serve a continuous pe-  
21 riod of active duty of at least four years in the Armed  
22 Forces (as described in section 3041(e)(1)(B)(i) of this  
23 title), the individual is entitled to one month of enhanced  
24 educational assistance benefits under this subchapter (not  
25 to exceed a total of 36 months (or the equivalent thereof

1 in part-time enhanced educational assistance)) for each  
2 month of continuous active duty served by the individual  
3 beginning with the date on which the entry on active duty,  
4 reenlistment, enlistment extension, or continuation appli-  
5 cable to that individual under section 3041(c)(1)(A) of  
6 this title begins.

7 **“§ 3043. Payment of educational expenses**

8 “(a) IN GENERAL.—(1) Subject to paragraph (2), the  
9 Secretary shall pay to the educational institution providing  
10 a course under an approved program of education to an  
11 eligible individual under this subchapter who is enrolled  
12 in the course the actual cost of tuition and fees otherwise  
13 payable by the individual.

14 “(2) Such cost may not exceed the amount charged  
15 to similarly circumstanced nonveterans.

16 “(b) STIPEND; COSTS OF BOOKS AND SUPPLIES.—  
17 The Secretary shall pay to each eligible individual under  
18 this subchapter who is pursuing an approved program of  
19 education—

20 “(1) a stipend as provided in section 3044 of  
21 this title; and

22 “(2) in accordance with regulations prescribed  
23 by the Secretary, an amount equal to the average  
24 cost of books and supplies payable by individuals

1       pursuing courses of education at educational institu-  
2       tions.

3       “(c) EXCLUSION FROM INCOME FOR ELIGIBILITY  
4 DETERMINATIONS FOR FEDERAL EDUCATIONAL  
5 LOANS.—Notwithstanding any other provision of law,  
6 amounts payable by the Secretary under this subchapter  
7 with respect to an eligible individual shall not be consid-  
8 ered as income for purposes of determining eligibility of  
9 such individual for education grants or loans under any  
10 other provision of Federal law.

11 **“§ 3044. Amount of stipend**

12       “(a) IN GENERAL.—Except as provided in section  
13 3042 of this title, the stipend under this subchapter shall  
14 be paid at a monthly rate (as that rate may be increased  
15 pursuant to subsection (b)) as follows:

16           “(1) At the monthly rate of \$800 for an ap-  
17 proved program of education pursued on a full-time  
18 basis.

19           “(2) At the monthly rate of \$600 for an ap-  
20 proved program of education pursued on a three-  
21 quarter-time basis.

22           “(3) At the monthly rate of \$400 for an ap-  
23 proved program of education pursued on a half-time  
24 basis.

1           “(4) At the monthly rate of \$200 for an ap-  
2           proved program of education pursued on less than a  
3           half-time basis.

4           “(b) ADJUSTMENT FOR INFLATION.—With respect to  
5           any fiscal year beginning after fiscal year 2000, the Sec-  
6           retary shall increase the rate paid under subsection (a)  
7           for the previous fiscal year by the percentage applicable  
8           under section 3015(g) of this title.

9           “§ 3045. Tutorial assistance

10          “An individual entitled to an enhanced educational  
11          assistance allowance under this subchapter shall be enti-  
12          tled to benefits provided an individual under section 3019  
13          of this title, subject to the conditions provided in such sec-  
14          tion.”.

15          (b) CONFORMING AMENDMENTS.—(1) Section 3002  
16          of such title is amended by inserting at the end the follow-  
17          ing new paragraph:

18          “(9) The term ‘enhanced educational assistance’  
19          means educational assistance provided under subchapter  
20          V.”.

21          (2) Section 3011 of such title is amended in sub-  
22          section (f)(1) and (g) by striking “chapter” each place it  
23          appears and inserting “subchapter”.

24          (3) Section 3018 of such title is amended by striking  
25          “educational assistance under this chapter” each place it

1 appears and inserting “educational assistance under this  
2 subchapter”.

3 (4) Section 3018A(a) of such title is amended by  
4 striking “education assistance under this chapter” and in-  
5 serting “educational assistance under this subchapter”.

6 (5) Section 3018B of such title is amended by strik-  
7 ing “education assistance under this chapter” each place  
8 it appears and inserting “educational assistance under  
9 this subchapter”.

10 (6) Section 3018C of such title is amended—

11 (A) in subsection (a), by striking “educational  
12 assistance under this chapter” and inserting “edu-  
13 cational assistance under this subchapter”; and

14 (B) in subsection (b), by striking “education as-  
15 sistance under this chapter” and inserting “edu-  
16 cational assistance under this subchapter”.

17 (7) Section 3019 of such title is amended by striking  
18 “chapter” each place it appears and inserting “sub-  
19 chapter”.

20 (8) Section 3031 of such title is amended—

21 (A) in subsection (f), by inserting “or 3042 of  
22 this title” after “section 3013” each place it ap-  
23 pears; and

## 10

1 (B) in subsection (g), by inserting "or  
2 3031(c)(1)(B)(ii)(III)" after "section  
3 3011(a)(1)(A)(ii)(III)".

4 (9) Section 3032(e)(3) of such title is amended by  
5 inserting ", or section 3044(a)(1)" after "section 3015".

6 (c) CLERICAL AMENDMENT.—The table of sections  
7 at the beginning of chapter 30 of title 38, United States  
8 Code, is amended by adding at the end the following new  
9 items:

"SUBCHAPTER V—ENHANCED EDUCATIONAL ASSISTANCE

"3041. Enhanced educational assistance entitlement.

"3042. Duration of enhanced educational assistance.

"3043. Payment of educational expenses.

"3044. Amount of stipend.

"3045. Tutorial assistance."

10 **SEC. 3. INCREASE IN RATES OF BASIC EDUCATIONAL AS-**  
11 **SISTANCE UNDER MONTGOMERY GI BILL.**

12 (a) ACTIVE DUTY EDUCATIONAL ASSISTANCE.—Sec-  
13 tion 3015 of title 38, United States Code, is amended—

14 (1) in subsection (a)(1), by striking "\$528" and  
15 inserting "\$900"; and

16 (2) in subsection (b)(1), by striking "\$429"  
17 and inserting "\$730".

18 (b) EFFECTIVE DATE.—The amendments made by  
19 subsection (a) shall take effect on October 1, 1999, and  
20 shall apply with respect to educational assistance allow-  
21 ances paid for months after September 1999.

1 **SEC. 4. REPEAL OF PAY REDUCTION, ELECTION OF BENE-**  
 2 **FFITS, AND HIGH SCHOOL GRADUATION RE-**  
 3 **QUIREMENT FOR PARTICIPATION IN BASIC**  
 4 **EDUCATIONAL ASSISTANCE UNDER MONT-**  
 5 **GOMERY GI BILL.**

6 (a) REPEAL OF PAY REDUCTION AND ELECTION OF  
 7 BENEFITS.—

8 (1) ACTIVE DUTY PROGRAM.—(A) Section 3011  
 9 of title 38, United States Code, is amended—

10 (i) by striking subsection (b); and

11 (ii) in subsection (c), by striking paragraph  
 12 (1) and redesignating paragraphs (2) and (3)  
 13 as paragraphs (1) and (2), respectively.

14 (B) Section 3012 of such title is amended—

15 (i) by striking subsection (c); and

16 (ii) in subsection (d), by striking para-  
 17 graph (1) and redesignating paragraphs (2) and  
 18 (3) as paragraphs (1) and (2), respectively.

19 (2) OPPORTUNITIES TO WITHDRAW ELECTION  
 20 NOT TO ENROLL.—(A) Section 3016(a)(1) of such  
 21 title is amended by striking “, and does not make  
 22 an election under section 3011(c)(1) or section  
 23 3012(d)(1)”.

24 (B) Sections 3018A and 3018B of such title  
 25 are each amended by adding at the end the following  
 26 new subsection:

1       “(e) Notwithstanding subsection (b), no reduction in  
2 the pay of an individual under this section shall be made  
3 for months beginning after September 30, 1999. Any obli-  
4 gation of such individual under subsection (b), as of Sep-  
5 tember 30, 1999, shall be deemed to be fully satisfied as  
6 of such date.”.

7           (3) EFFECTIVE DATE.—The amendments made  
8 by this subsection shall take effect on October 1,  
9 1999, and apply to individuals whose initial obli-  
10 gated period of active duty under section 3011 or  
11 3012 of title 38, United States Code, as the case  
12 may be, begins on or after such date.

13           (4) TERMINATION OF PAY REDUCTIONS IN  
14 PROGRESS.—Any reduction in the basic pay of an  
15 individual referred to in subsection (b) of section  
16 3011 of title 38, United States Code, by reason of  
17 such subsection, or of any individual referred to in  
18 subsection (c) of section 3012 of such title by reason  
19 of such subsection, shall cease commencing with  
20 months beginning after September 30, 1999, and  
21 any obligation of such individual under such sub-  
22 sections, as the case may be, as of September 30,  
23 1999, shall be deemed to be fully satisfied as of such  
24 date.

1 (b) REPEAL OF HIGH SCHOOL GRADUATION RE-  
2 QUIREMENT.—

3 (1) ACTIVE DUTY.—(A) Section 3011(a) of title  
4 38, United States Code, is amended—

5 (i) by striking paragraph (2); and

6 (ii) by redesignating paragraph (3) as  
7 paragraph (2).

8 (B) Section 3011 of such title is amended—

9 (i) by striking subsection (e); and

10 (ii) by redesignating subsections (f), (g),  
11 and (h) as subsections (e), (f), and (g), respec-  
12 tively.

13 (C) Section 3012(a) of such title is amended—

14 (i) by striking paragraph (2); and

15 (ii) by redesignating paragraph (3) as  
16 paragraph (2).

17 (D) Section 3012 of such title is amended—

18 (i) by striking subsection (f); and

19 (ii) by redesignating subsection (g) as sub-  
20 section (f).

21 (2) OPPORTUNITIES TO WITHDRAW ELECTION

22 NOT TO ENROLL.—(A) Section 3018 of such title is  
23 amended—

24 (i) by striking paragraph (4) of subsection

25 (b);

1 (ii) by inserting “and” at the end of para-  
2 graph (3)(C); and

3 (iii) by redesignating paragraph (5) as  
4 paragraph (4).

5 (B)(i) Section 3018A(a) of such title is  
6 amended—

7 (I) by striking paragraph (2);

8 (II) by redesignating paragraphs (3), (4),  
9 and (5) as paragraphs (2), (3), and (4), respec-  
10 tively; and

11 (III) by striking “paragraph (3)” in para-  
12 graphs (3) and (4), as so redesignated, and in-  
13 sserting “paragraph (2)”.

14 (ii) Section 3018A(c) of such title is amended  
15 by striking “subsection (a)(3) of this section” and  
16 inserting “subsection (a)(2)”.

17 (iii) Section 3018A(d)(1) of such title is amend-  
18 ed by striking “subsection (a)(4) of this subsection”  
19 and inserting “subsection (a)(3)”.

20 (C)(i) Section 3018B(a)(1) of such title is  
21 amended—

22 (I) by striking subparagraph (B);

23 (II) by redesignating subparagraphs (C),  
24 (D), and (E) as subparagraphs (B), (C), and  
25 (D), respectively; and

1           (III) by striking “subparagraph (C)” in  
2           subparagraphs (C) and (D), as so redesignated,  
3           and inserting “subparagraph (B)”.

4           (D)(i) Section 3018B(a)(2) of such title is  
5           amended—

6           (I) by striking subparagraph (B);

7           (II) by redesignating subparagraphs (C),  
8           (D), and (E) as subparagraphs (B), (C), and  
9           (D), respectively;

10          (III) by striking “paragraph (1)(C) of this  
11          subsection” in subparagraph (B), as so redesign-  
12          ated, and inserting “paragraph (1)(B)”; and

13          (IV) by striking “subparagraph (C)” in  
14          subparagraphs (C) and (D), as so redesignated,  
15          and inserting “subparagraph (B)”.

16          (ii) Section 3018B(c) of such title is amended  
17          by striking “subsection (a)(1)(C) or (a)(2)(C) of this  
18          section” and inserting “subsection (a)(1)(B) or  
19          (a)(2)(B)”.

20          (iii) Section 3018B(d)(1) of such title is amend-  
21          ed by striking “subsection (a)(1)(D) or (a)(2)(D) of  
22          this section” and inserting “subsection (a)(1)(C) or  
23          (a)(2)(C)”.

24          (E)(i) Section 3018C(a) of such title is  
25          amended—

1 (I) by striking paragraph (3);  
2 (II) by redesignating paragraphs (4) and  
3 (5) as paragraphs (3) and (4), respectively; and  
4 (III) by striking “paragraph (5)” in para-  
5 graph (3), as so redesignated, and inserting  
6 “paragraph (4)”.

7 (ii) Section 3018C(b) of such title is amended  
8 by striking “as specified in subsection (a)(4)” and  
9 inserting “as specified in subsection (a)(3)”.

10 (iii) Section 3018C(c)(1) of such title is amend-  
11 ed by striking “election described in subsection  
12 (a)(5)” and inserting “election described in sub-  
13 section (a)(4)”.

14 (3) EFFECTIVE DATE.—The amendments made  
15 by this subsection shall take effect on the date of the  
16 enactment of this Act and apply with respect to indi-  
17 viduals applying for basic educational assistance  
18 under chapter 30 of title 38, United States Code, on  
19 or after such date.

20 (c) EDUCATION OUTREACH SERVICES TO MEMBERS  
21 OF THE ARMED FORCES.—

22 (1) IN GENERAL.—Section 3034(e)(1) of title  
23 38, United States Code, is amended to read as fol-  
24 lows:

1       “(e)(1) Not later than one year after an individual  
2 initially enters on active duty as a member of the Armed  
3 Forces, and at such additional times as the Secretary de-  
4 termines appropriate, the Secretary shall furnish the indi-  
5 vidual the information described in paragraph (2).”.

6           (2) **EFFECTIVE DATE.**—The amendment made  
7 by paragraph (1) shall take effect on October 1,  
8 1999, and apply to individuals whose initial obli-  
9 gated period of active duty under section 3011 or  
10 3012 of title 38, United States Code, as the case  
11 may be, begins on or after such date.

12 **SEC. 5. AUTHORITY OF SECRETARY TO MAKE ACCELER-**  
13 **ATED PAYMENTS OF BASIC EDUCATIONAL AS-**  
14 **SISTANCE UNDER MONTGOMERY GI BILL.**

15       (a) **IN GENERAL.**—Section 3014 of title 38 is  
16 amended—

17           (1) by inserting “(a) **IN GENERAL.**—” before  
18 “The Secretary”; and

19           (2) by adding at the end the following new sub-  
20 section:

21       “(b) **ACCELERATED PAYMENT.**—(1)(A) Notwith-  
22 standing any other provision of this chapter and subject  
23 to subparagraph (B), an individual entitled to basic edu-  
24 cational assistance under this subchapter may elect to re-

1 ceive an accelerated payment of the basic educational as-  
2 sistance allowance.

3 “(B) The Secretary may not make an accelerated  
4 payment for a course to an individual who has received  
5 an advance payment under section 3680(d) of this title  
6 for the same enrollment period.

7 “(2)(A) Pursuant to an election under paragraph (1),  
8 the Secretary shall make an accelerated payment to an  
9 individual for a course in a lump-sum amount equal to  
10 the lesser of—

11 “(i) the amount of the educational assistance  
12 allowance for the month, or fraction thereof, in  
13 which the course begins plus the educational assist-  
14 ance allowance for each of the succeeding four  
15 months; or

16 “(ii)(I) in the case of a course offered on a  
17 quarter, semester, or term basis, the amount of ag-  
18 gregate monthly educational assistance allowance  
19 otherwise payable under this subchapter for the  
20 course for the entire quarter, semester, or term; or

21 “(II) in the case of a course that is not offered  
22 on a quarter, semester, or term basis, the amount of  
23 aggregate monthly educational assistance allowance  
24 otherwise payable under this subchapter for the en-  
25 tire course.

1       “(B) In the case of an adjustment under section  
2 3015(g) of this title in the monthly rate of basic edu-  
3 cational assistance that occurs during a period for which  
4 an accelerated payment is made under this subsection, the  
5 Secretary shall pay—

6           “(i) on an accelerated basis the amount of the  
7 allowance otherwise payable under this subchapter  
8 for the period without regard to the adjustment  
9 under that section; and

10          “(ii) on the date of the adjustment any addi-  
11 tional amount of the allowance that is payable for  
12 the period as a result of the adjustment.

13       “(3) Pursuant to an election under paragraph (1),  
14 the Secretary shall pay the accelerated payment to the in-  
15 dividual for a course by not later than the date on which  
16 the course begins.

17       “(4) For each accelerated payment made to an indi-  
18 vidual, the individual’s entitlement under this subchapter  
19 shall be charged at the same rate at which the entitlement  
20 would be charged if the individual had received a monthly  
21 educational assistance allowance for the period of edu-  
22 cational pursuit covered by the accelerated payment.

23       “(5) The Secretary shall prescribe regulations to  
24 carry out this subsection, and include in such regulations  
25 the requirements, conditions, and methods for the request,

1 issuance, delivery, certification of receipt and use, and re-  
2 covery of overpayment of an accelerated payment.”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 subsection (a) shall take effect on March 1, 2000, and  
5 apply with respect to courses of education beginning on  
6 or after such date.

7 **SEC. 6. AVAILABILITY OF MONTGOMERY GI BILL BENEFITS**  
8 **FOR PAYMENT FOR LICENSING OR CERTIFI-**  
9 **CATION TESTS.**

10 (a) IN GENERAL.—Section 3452(b) of title 38,  
11 United States Code, is amended by adding at the end the  
12 following new sentence: “Such term also includes licensing  
13 or certification tests required under Federal, State, or  
14 local law, or regulation, for vocations or professions.”.

15 (b) AMOUNT OF PAYMENT.—Section 3032 of such  
16 title is amended by adding at the end the following new  
17 subsection:

18 “(g) The amount of educational assistance payable  
19 under this chapter for a licensing or certification test de-  
20 scribed in section 3452(b) of this title is the fee charged  
21 for the test.”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall take effect on October 1, 1999, and apply  
24 with respect to licensing and certification tests approved  
25 by the Secretary offered on or after such date.

1 **SEC. 7. AVAILABILITY OF MONTGOMERY GI BILL BENEFITS**  
2 **FOR PREPARATORY COURSES FOR COLLEGE**  
3 **AND GRADUATE SCHOOL ENTRANCE EXAMS.**

4 (a) **IN GENERAL.**—Section 3452(b) of title 38,  
5 United States Code, as amended by section 6, is further  
6 amended by adding at the end the following new sentence:  
7 “Such term also includes a preparatory course for a test  
8 that is required or utilized for admission to an institution  
9 of higher education or to a graduate school.”.

10 (b) **EFFECTIVE DATE.**—The amendment made by  
11 subsection (a) shall take effect on October 1, 1999, and  
12 applies with respect to preparatory courses approved by  
13 the Secretary beginning on or after such date.

14 **SEC. 8. AVAILABILITY OF MONTGOMERY GI BILL BENEFITS**  
15 **FOR TRAINING FOR TECHNOLOGICAL OCCU-**  
16 **PATIONS OFFERED BY ENTITIES OTHER**  
17 **THAN EDUCATIONAL INSTITUTIONS.**

18 (a) **IN GENERAL.**—Section 3452(c) of title 38,  
19 United States Code, is amended to read as follows:

20 “(c) The term ‘educational institution’ means—  
21 “(1) any public or private elementary school,  
22 secondary school, vocational school, correspondence  
23 school, business school, junior college, teachers’ col-  
24 lege, college, normal school, professional school, uni-  
25 versity, or scientific or technical institution, or other  
26 institution furnishing education for adults;

1           “(2) any entity that provides training required  
2           for completion of any State-approved alternative  
3           teacher certification program (as determined by the  
4           Secretary); or

5           “(3) any entity that provides, either directly or  
6           under an agreement with another entity, training re-  
7           quired for certification in a vocation or profession in  
8           a technological occupation (as defined by the Sec-  
9           retary).”.

10          (b) EFFECTIVE DATE.—The amendment made by  
11 subsection (a) shall take effect on October 1, 1999, and  
12 applies with respect to training courses, approved by the  
13 Secretary, for certification for technological occupations  
14 beginning on or after such date.

15 **SEC. 9. ENROLLMENT OF CERTAIN VEAP PARTICIPANTS IN**  
16 **BASIC EDUCATIONAL ASSISTANCE UNDER**  
17 **MONTGOMERY GI BILL.**

18          (a) IN GENERAL.—Section 3018C(a) of title 38 is  
19 amended—

20           (1) in subsection (a), by striking “an individual  
21           who—” and inserting “an individual who is de-  
22           scribed in subsection (e) or who—”; and

23           (2) by adding at the end the following new sub-  
24           section:

1       “(e) An individual referred to in the matter preceding  
2 paragraph 1 of subsection (a) is an individual who meets  
3 the following requirements:

4           “(1) Before October 10, 1996, the individual  
5 was enrolled in the educational benefits program  
6 provided in chapter 32 of this title.

7           “(2) The individual has continuously served on  
8 active duty since October 9, 1996.

9           “(3) The individual, if discharged or released  
10 from active duty after the date on which the individ-  
11 ual makes the election described in paragraph (4), is  
12 discharged or released therefrom with an honorable  
13 discharge.

14           “(4) During the 18-month period beginning on  
15 the date of the enactment of the Montgomery GI  
16 Bill Improvements Act of 1999, the individual makes  
17 an election pursuant to procedures established under  
18 subsection (a)(4).”.

19       (b) **ELIMINATION OF PAY REDUCTION.**—(1) Section  
20 3018C(b) of such title is amended by striking “With re-  
21 spect” and inserting “Except as provided in subsection (f),  
22 with respect”.

23       (2) Section 3018C of such title, as amended by sub-  
24 section (a), is further amended, by adding at the end the  
25 following new subsection:

1       “(f) No reduction in the pay of an individual under  
2 this section shall be made for months beginning after the  
3 date of the enactment of the Montgomery GI Bill Improve-  
4 ments Act of 1999. Any obligation of such individual  
5 under subsection (b), as of such date, shall be deemed to  
6 be fully satisfied as of such date.”.

○

106TH CONGRESS  
1ST SESSION

# H. R. 1182

To amend title 38, United States Code, to expand and improve the Montgomery GI Bill by creating an enhanced educational assistance program for enlistments or reenlistments of four years active duty service, and by eliminating the reduction in pay for basic educational benefits.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1999

Mr. STUMP (for himself, Mr. SPENCE, Mr. SMITH of New Jersey, Mr. QUINN, Mr. EVERETT, Mr. HAYWORTH, Mrs. CHENOWETH, Mr. LAHOOD, Mr. HANSEN, Mr. MCKEON, Mr. GIBBONS, Mr. TALENT, and Mr. BILIRAKIS) introduced the following bill; which was referred to the Committee on Veterans' Affairs, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title 38, United States Code, to expand and improve the Montgomery GI Bill by creating an enhanced educational assistance program for enlistments or reenlistments of four years active duty service, and by eliminating the reduction in pay for basic educational benefits.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Servicemembers Edu-  
3 cational Opportunity Act of 1999”.

4 **SEC. 2. ENHANCED BENEFITS UNDER MONTGOMERY GI**  
5 **BILL FOR FOUR YEARS OF ACTIVE-DUTY**  
6 **SERVICE.**

7 (a) **IN GENERAL.**—Chapter 30 of title 38, United  
8 States Code, is amended by adding at the end the fol-  
9 lowing new subchapter:

10 “**SUBCHAPTER V—ENHANCED EDUCATIONAL**  
11 **ASSISTANCE**

12 “**§ 3041. Enhanced educational assistance entitlement**

13 “(a) **ENTITLEMENT.**—An eligible individual is enti-  
14 tled to enhanced educational assistance under this sub-  
15 chapter.

16 “(b) **ELIGIBLE INDIVIDUAL DEFINED.**—For pur-  
17 poses of this subchapter, the term ‘eligible individual’  
18 means an individual who meets the service requirement  
19 described in subsection (c), who meets the education com-  
20 pletion requirements described in subsection (d), and  
21 whose status after completion of such service is described  
22 in section 3011(a)(3) of this title. Such term does not in-  
23 clude an individual described in paragraph (1) or (2) of  
24 section 3011(c) of this title.

25 “(c) **SERVICE REQUIREMENT.**—(1) The service re-  
26 quirement referred to in subsection (b) is as follows:

1           “(A) After September 30, 1999, the  
2 individual—

3           “(i) first enters on active duty;

4           “(ii) reenlists or extends an enlistment on  
5 active duty as a member of the Armed Forces;

6 or

7           “(iii) in the case of an officer, continues to  
8 serve on active duty after that date.

9           “(B) From the date of such entry, reenlistment,  
10 extension, or continuation, as the case may be, the  
11 individual—

12           “(i) serves a continuous period of active  
13 duty of at least four years in the Armed Forces;

14 or

15           “(ii) serves on active duty in the Armed  
16 Forces and is discharged or released from ac-  
17 tive duty—

18           “(I) as provided in subclause (I) of  
19 section 3011(a)(1)(A)(ii) of this title;

20           “(II) for the convenience of the Gov-  
21 ernment, after having completed not less  
22 than 42 months of continuous active duty;

23 or

24           “(III) as provided in subclause (III)  
25 of section 3011(a)(1)(A)(ii) of this title.

1       “(2) In determining service under paragraph (1), the  
2 following rules apply:

3           “(A) Any period of service described in para-  
4 graph (2) or (3) of section 3011(d) of this title that  
5 applies to an eligible individual under this section  
6 shall not be considered a part of the individual’s peri-  
7 od of active duty.

8           “(B) A member described in paragraph (2) of  
9 section 3011(f) of this title who serves the periods  
10 of active duty referred to in such paragraph shall be  
11 deemed to have served a continuous period of active  
12 duty the length of which is the aggregate length of  
13 the periods of active duty referred to in such para-  
14 graph.

15           “(C) Subsections (g) and (h) of section 3011 of  
16 this title apply with respect to an eligible individual  
17 under this section in the same manner as they apply  
18 to an individual under section 3011 of this title.

19       “(d) EDUCATION COMPLETION REQUIREMENTS.—  
20 The education completion requirement referred to in sub-  
21 section (b) is that the individual shall have completed the  
22 requirements of a secondary school diploma (or equiva-  
23 lency certificate) by not later than the original ending date  
24 of the individual’s period of active duty described in sub-  
25 section (c)(1) regardless of whether the individual is dis-

1 charged or released from active duty on such date. An in-  
2 dividual may meet the requirement of this subsection by  
3 having been granted credit for the equivalent of 12 semes-  
4 ter hours in a program of education leading to a standard  
5 college degree before the end of the individual's period of  
6 active duty described in subsection (c)(1).

7       “(e) ELECTION OF BASIC EDUCATIONAL ASSIST-  
8 ANCE.—(1) An eligible individual entitled to enhanced  
9 educational assistance under this subchapter may elect (in  
10 a form and manner prescribed by the Secretary) to receive  
11 basic educational assistance under subchapter II in lieu  
12 of such enhanced educational assistance for an enrollment  
13 period. Such an election shall be made by not later than  
14 30 days before the beginning of the enrollment period.

15       “(2) An eligible individual may revoke an election  
16 made pursuant to paragraph (1), but in no case may such  
17 revocation be made later than 30 days before the begin-  
18 ning of the enrollment period.

19 **“§ 3042. Duration of enhanced educational assistance**

20       “(a) IN GENERAL.—Subject to section 3695 of this  
21 title and except provided in subsection (b), each individual  
22 entitled to enhanced educational assistance under section  
23 3041 of this title is entitled to a monthly enhanced edu-  
24 cational assistance allowance under this subchapter for a  
25 period or periods not to exceed a total of 36 months (or

1 the equivalent thereof in part-time enhanced educational  
2 assistance).

3       “(b) SPECIAL RULE FOR CERTAIN EARLY SEPARA-  
4 TIONS.—Subject to section 3695 of this title, in the case  
5 of an individual described in subclause (I) or (III) of sec-  
6 tion 3041(c)(1)(B)(ii) who does not serve a continuous pe-  
7 riod of active duty of at least four years in the Armed  
8 Forces (as described in section 3041(c)(1)(B)(i) of this  
9 title), the individual is entitled to one month of enhanced  
10 educational assistance benefits under this subchapter (not  
11 to exceed a total of 36 months (or the equivalent thereof  
12 in part-time enhanced educational assistance)) for each  
13 month of continuous active duty served by the individual  
14 beginning with the date on which the entry on active duty,  
15 reenlistment, enlistment extension, or continuation appli-  
16 cable to that individual under section 3041(c)(1)(A) of  
17 this title begins.

18 **“§ 3043. Payment of educational expenses**

19       “(a) IN GENERAL.—(1) Subject to paragraph (2), the  
20 Secretary shall pay to the educational institution providing  
21 a course under an approved program of education to an  
22 eligible individual under this subchapter who is enrolled  
23 in the course an amount equal to 90 percent of the actual  
24 cost of tuition and fees otherwise payable by the indi-  
25 vidual.

1       “(2) Such cost may not exceed the amount charged  
2 to similarly circumstanced nonveterans.

3       “(b) STIPEND; COSTS OF BOOKS AND SUPPLIES.—  
4 The Secretary shall pay to each eligible individual under  
5 this subchapter who is pursuing an approved program of  
6 education—

7           “(1) a stipend as provided in section 3044 of  
8 this title; and

9           “(2) in accordance with regulations prescribed  
10 by the Secretary, a sum equal to the reasonable cost  
11 of books and supplies determined to be required by  
12 similarly circumstanced nonveterans.

13       “(c) INCLUSION IN INCOME FOR ELIGIBILITY DE-  
14 TERMINATIONS FOR FEDERAL EDUCATIONAL LOANS.—  
15 For purposes of determining untaxed income and benefits  
16 for eligibility for student assistance under the provisions  
17 of title IV of the Higher Education Act of 1965 (20 U.S.C.  
18 1070 et seq.), amounts payable with respect to an eligible  
19 individual under subsections (a) and (b)(2) shall not be  
20 considered veterans education benefits for purposes of sec-  
21 tion 480(vv) of such Act (20 U.S.C. 1087(vv)).

22       **“§ 3044. Amount of stipend**

23       “(a) IN GENERAL.—Except as provided in section  
24 3042 of this title, the stipend under this subchapter shall

1 be paid at a monthly rate (as that rate may be increased  
2 pursuant to subsection (b)) as follows:

3           “(1) At the monthly rate of \$600 for an ap-  
4 proved program of education pursued on a full-time  
5 basis.

6           “(2) At the monthly rate of \$450 for an ap-  
7 proved program of education pursued on a three-  
8 quarter-time basis.

9           “(3) At the monthly rate of \$300 for an ap-  
10 proved program of education pursued on a half-time  
11 basis.

12           “(4) At the monthly rate of \$150 for an ap-  
13 proved program of education pursued on less than a  
14 half-time basis.

15           “(b) ADJUSTMENT FOR INFLATION.—With respect to  
16 any fiscal year beginning after fiscal year 2000, the Sec-  
17 retary shall increase the rate paid under subsection (a)(1)  
18 for the previous fiscal year by the percentage applicable  
19 under section 3015(g) of this title.

20 **“§ 3045. Tutorial assistance**

21           “An individual entitled to an enhanced educational  
22 assistance allowance under this subchapter shall be enti-  
23 tled to benefits provided an individual under section 3019  
24 of this title, subject to the conditions provided in such sec-  
25 tion.”.

1 (b) CONFORMING AMENDMENTS.—(1) Section 3002  
2 of such title is amended by inserting at the end the fol-  
3 lowing new paragraph:

4 “(9) The term ‘enhanced educational assistance’  
5 means educational assistance provided under subchapter  
6 V.”.

7 (2) Section 3011 of such title is amended in sub-  
8 sections (f)(1) and (g) by striking “chapter” each place  
9 it appears and inserting “subchapter”.

10 (3) Section 3018 of such title is amended by striking  
11 “educational assistance under this chapter” each place it  
12 appears and inserting “educational assistance under this  
13 subchapter”.

14 (4) Section 3018A(a) of such title is amended by  
15 striking “education assistance under this chapter” and in-  
16 serting “educational assistance under this subchapter”.

17 (5) Section 3018B of such title is amended by strik-  
18 ing “education assistance under this chapter” each place  
19 it appears and inserting “educational assistance under  
20 this subchapter”.

21 (6) Section 3018C of such title is amended—

22 (A) in subsection (a), by striking “educational  
23 assistance under this chapter” and inserting “edu-  
24 cational assistance under this subchapter”; and

1 (B) in subsection (b), by striking “education as-  
2 sistance under this chapter” and inserting “edu-  
3 cational assistance under this subchapter”.

4 (7) Section 3019 of such title is amended by striking  
5 out “chapter” each place it appears and inserting in lieu  
6 thereof “subchapter”.

7 (8) Section 3031 of such title is amended—

8 (A) in subsection (f), by inserting “or 3042 of  
9 this title” after “section 3013” each place it ap-  
10 pears; and

11 (B) in subsection (g), by inserting “or  
12 3031(c)(1)(B)(ii)(III)” after “section  
13 3011(a)(1)(A)(ii)(III)”.

14 (9) Section 3032(e)(3) of such title is amended by  
15 inserting “, or section 3044(a)(1)” after “section 3015”.

16 (c) CLERICAL AMENDMENT.—The table of sections  
17 at the beginning of chapter 30 of title 38, United States  
18 Code, is amended by adding at the end the following new  
19 items:

“SUBCHAPTER V—ENHANCED EDUCATIONAL ASSISTANCE

“3041. Enhanced educational assistance entitlement.

“3042. Duration of enhanced educational assistance.

“3043. Payment of educational expenses.

“3044. Amount of stipend.

“3045. Tutorial assistance.”.

20 **SEC. 3. REPEALS OF PAY REDUCTION AND ELECTION OF**  
21 **BENEFITS.**

22 (a) REPEALS.—

1 (1) ACTIVE DUTY PROGRAM.—(A) Section 3011  
2 of title 38, United States Code, is amended—

3 (i) by striking subsection (b); and

4 (ii) in subsection (c), by striking out para-  
5 graph (1) and redesignating paragraphs (2) and  
6 (3) as paragraphs (1) and (2), respectively.

7 (B) Section 3012 of such title is amended—

8 (i) by striking subsection (c); and

9 (ii) in subsection (d), by striking out para-  
10 graph (1) and redesignating paragraphs (2) and  
11 (3) as paragraphs (1) and (2), respectively.

12 (2) OPPORTUNITIES TO WITHDRAW ELECTION  
13 NOT TO ENROLL.—(A) Section 3016(a)(1) of such  
14 title is amended by striking “, and does not make  
15 an election under section 3011(c)(1) or section  
16 3012(d)(1)”.

17 (B) Sections 3018A, 3018B, and 3018C of  
18 such title are each amended by adding at the end  
19 the following new subsection:

20 “(e) Notwithstanding subsection (b), no reduction in  
21 the pay of an individual under this section shall be made  
22 for months beginning after September 30, 1999. Any obli-  
23 gation of such individual under subsection (b), as of Sep-  
24 tember 30, 1999, shall be deemed to be fully satisfied as  
25 of such date.”.

1           (3) TERMINATION OF REDUCTIONS IN  
2           PROGRESS.—Any reduction in the basic pay of an  
3           individual referred to in subsection (b) of section  
4           3011 of title 38, United States Code, by reason of  
5           such subsection, or of any individual referred to in  
6           subsection (c) of section 3012 of such title by reason  
7           of such subsection, shall cease commencing with  
8           months beginning after September 30, 1999, and  
9           any obligation of such individual under such sub-  
10          sections, as the case may be, as of September 30,  
11          1999, shall be deemed to be fully satisfied as of such  
12          date.

13          (b) EDUCATION OUTREACH SERVICES TO MEMBERS  
14          OF THE ARMED FORCES.—Section 3034(e)(1) of title 38,  
15          United States Code, is amended to read as follows:

16          “(e)(1) Not later than one year after an individual  
17          initially enters on active duty as a member of the Armed  
18          Forces, and at such additional times as the Secretary de-  
19          termines appropriate, the Secretary shall furnish the indi-  
20          vidual the information described in paragraph (2).”.

21          (c) EFFECTIVE DATE.—The amendments made by  
22          this section shall take effect on October 1, 1999, and apply  
23          to individuals whose initial obligated period of active duty

- 1 under section 3011 or 3012 of title 38, United States
- 2 Code, as the case may be, begins on or after such date.

○

**The Honorable Bob Filner  
Subcommittee on Benefits  
Montgomery GI Bill – H.R. 1071 & H.R. 1182  
April 21, 1999**

**Thank you, Mr. Chairman.**

**I want to welcome all of you here this morning. I am particularly pleased to welcome our former chairman and the father of the latest GI Bill, Congressman Sonny Montgomery. Mr. Chairman, thank you for your willingness to testify today. Your concern for, and commitment to, the men and women who serve in America's Armed Forces are unsurpassed and deeply appreciated.**

**I believe the Montgomery GI Bill is one of the most important programs administered by the Department of Veterans Affairs. Since 1944 our government has provided education benefits to veterans to assist in their readjustment to civilian life and to enhance military recruitment, and the current GI Bill follows in that tradition. Educational assistance earned through honorable military service is good national policy, and I know we all agree that those who serve in our Armed Forces deserve this opportunity to further their education.**

**Since its implementation on July 1, 1985, more than 828,000 veterans have trained under the Montgomery GI Bill for active duty servicemembers – and, in fiscal year 1998, an impressive 96% of eligible enlisted recruits enrolled in the GI Bill. This program has been very effective – providing the means for hundreds of thousands of young veterans to further their education and enabling the armed services to attract the talented, capable recruits they need. The signs are clear, however, that if the MGIB is to continue to succeed as a readjustment benefit and as a recruitment incentive, it must be improved. The signs are clear that this excellent program is beginning to suffer from neglect.**

One disturbing sign is that, although 800,000-plus veterans have used their GI Bill benefits, this number represents only 51% of the veterans who have GI Bill eligibility. Another indication that there is a problem is the failure of both the Army and the Air Force to meet their recruiting goals for the first two quarters of this fiscal year. Additionally, we should all be concerned that DOD's 1998 Youth Attitude Tracking Survey shows that in fiscal year 1998, only 26% of 16-21 year-old men expressed an interest in military service. This compares unfavorably with the 34% of young men who seriously considered enlisting in fiscal year 1991. I think it is fair to conclude from these numbers that the Montgomery GI Bill is no longer the helpful readjustment benefit -- nor the effective recruitment incentive - that it once was.

I am pleased to be an original cosponsor of H.R. 1071, the Montgomery GI Bill Improvements Act of 1999. Introduced by our Ranking Democrat, Lane Evans, this bill, which is very similar to the GI Bill proposal included in the Transition Commission report, would give the services a GI Bill that would enable them to recruit the smart, college-bound young men and women they need. Additionally, this measure would enable our young veterans to attend the college of their choice. As noted in the Transition Commission report, military service is America's most fundamental form of national service -- and veterans earn -- and deserve -- a Montgomery GI Bill that ensures that the only constraints on veterans' education are their ability and ambition.

Thank you, Mr. Chairman. I look forward to hearing from our witnesses.

VETERANS' AFFAIRS BENEFITS SUBCOMMITTEE HEARING

APRIL 21, 1999

10:00 A.M.

INTRODUCTORY REMARKS

CONGRESSMAN SILVESTRE REYES

Mr. Chairman, I want to thank you for scheduling this hearing regarding H.R. 1071 Montgomery GI Improvements Act of 1999 and H.R. 1182 Service Members Educational Opportunity Act of 1999. These two bills will have a significant impact on improving the transition of veterans into the civilian sector, and enhance our nation's efforts in recruitment and retention of our military service men and women.

The necessity of substantially improving the benefits we afford our veterans through the Montgomery GI Bill can not be overstated. All branches of our military are facing recruitment deficits and we can not allow our military strength and leadership to be compromised.

The improvements included in these two bills are necessary as we have seen an erosion in the value of these benefits in relation to spiraling costs of higher education. Moreover, with our strong economy and numerous financing options for higher education, our Armed Services are facing increasing challenges in showcasing the benefits of military service. The Report of the Congressional Commission on Service members and Veterans Transition Assistance points to this gap. I strongly agree and support their conclusions that we must enhance the Montgomery GI Bill to continue to provide veterans with access to higher education, assist our Armed Forces in recruiting, enhance our nation's competitiveness, and attract service members that will become leaders of our nation upon completing their military service.

I therefore welcome the opportunity to hear today from the namesake and architect of the Montgomery GI Bill our former Chairman Sonny Montgomery. His continuing leadership in this area is greatly appreciated. I look forward to his testimony regarding improvements to the GI Bill through H.R. 1071 and H.R. 1182. Additionally, I look forward to hearing from the panel of Military Field Recruiters from the various branches, along with the Department of Defense Recruitment Commanders. Their insights and actual experiences in recruitment will provide important information in the crafting of these two bills.

Overall, this hearing is vital to review the purpose of the GI Bill, focus on the need to raise the level of its benefits, and address the impact that improvements can have on Military recruitment and retention.

Thank you, Mr. Chairman for convening this hearing. I know that through the work of this committee and the input of these witnesses we will assist our military and the veterans who so proudly serve our nation.

OPENING STATEMENT OF THE  
HONORABLE LANE EVANS  
SUBCOMMITTEE ON BENEFITS HEARING  
ON H.R. 1071 and H.R. 1182  
APRIL 21, 1999

Mr. Chairman, I thank you for scheduling this very important hearing, which is the first of at least 2 hearings on the future of the Montgomery GI Bill.

I introduced the Montgomery GI Bill Improvements Act of 1999, H.R. 1071, because it is clear to me that GI Bill improvements are long overdue. Additionally, I strongly agree with the assertion in the report of the Congressional Commission on Servicemembers and Veterans Transition Assistance that "...an opportunity to obtain the best education for which they qualify is the most valuable benefit our Nation can offer the

men and women whose military service preserves our liberty."

I applaud the Commission's bold, new plan for the GI Bill and, to a large degree, I patterned H.R. 1071 on their recommendations. I determined, however, that their proposal needed to be further strengthened and enhanced if the MGIB is to fulfill its purposes as a meaningful readjustment benefit and as an effective recruitment incentive for our Armed Forces.

I understand that the focus of today's hearing is on the GI Bill as a recruitment tool. This emphasis is appropriate and timely because the Armed Services Committee will soon be marking up the DOD Authorization Bill for fiscal year 2000. As one of the military's most important incentives, the Montgomery GI Bill must be reexamined in light of the recruitment

challenges facing our Armed Forces today. The problems confronting recruiters are not going to go away, and we have a responsibility to give these hard-working servicemembers the tools they need to succeed.

I look forward to hearing from all our witnesses, but I particularly want to welcome Chairman Sonny Montgomery. Mr. Chairman, we have you to thank for the GI Bill. Your commitment to this program was extraordinary, and it was a pleasure to work with you on it.

**The Honorable G. V. (Sonny) Montgomery  
House Committee on Veterans Affairs  
Subcommittee on Benefits  
April 21, 1999**

It is a pleasure to be with all of you today, and I thank you for inviting me to talk about one of my favorite subjects.

As most of you know, one of the great privileges of my life was to serve as Chairman and Ranking Member of the House Committee on Veterans Affairs. I am proud I was in a position to assist and support the fine men and women who serve in our Nation's Armed Forces – and I am particularly proud of having been the lead sponsor of the legislation that established the Montgomery GI Bill. Enactment of H.R. 1400, the original GI Bill measure, was the result of tremendous commitment and hard work on the part of many, many people – and I believe that a similar effort is necessary now to restore the GI Bill to its earlier levels of effectiveness.

I want to thank Tony Principi, chairman of the Commission on Servicemembers and Veterans Transition Assistance, and Kim Wincup, who served as vice chairman of the Commission, for emphasizing the need for GI Bill improvements in their excellent report. I strongly support their recommendations regarding the GI Bill, and I am honored to be testifying with Kim today.

The armed services had severe recruitment problems in the late '70's and early '80's. The All-Volunteer Force was in its early years, and smart, motivated young men and women just weren't going into the military. Consequently, there were many discipline problems, too many of those entering the Armed Forces dropped out before completing their terms of service, and training manuals had to be geared to 5th and 6th grade reading levels. The establishment of the GI Bill

in 1985, however, had an immediate positive effect on recruitment. Recruiters were able not only to enlist the numbers of young people the services required – they were also able to recruit “the best and the brightest.” Responsible, ambitious young people who wanted to earn the money they needed to pay escalating college costs showed up at the recruiters’ doors.

Thanks in large part to the benefits of the GI Bill, we have had in recent years the finest quality personnel we’ve ever had in our Armed Forces. Although the primary purpose of the GI Bill is to assist in the readjustment of members of the Armed Forces to civilian life after their separation from military service, the Montgomery GI Bill has also proven to be a powerful, cost-effective recruitment and retention tool for the armed services.

US Army statistics show that the percentage of recruits who were high school diploma graduates nearly doubled after implementation of the GI Bill in 1985. In fact, in fiscal year 1992, 100% of all active duty recruits had graduated from high school. The percentage of recruits scoring in the upper half of the Armed Forces Qualification Test soared as well after the GI Bill was in place.

These significant improvements, which are attributed to the availability of the GI Bill – in concert with other benefits and incentives – reduced attrition and discipline problems, and the turbulence which was prevalent in the military 20 years ago was nearly forgotten.

The Congress has been very good about providing necessary weapons systems, high performance aircraft and faster tanks. We have the most sophisticated weapons and equipment in the world. But – and this may sound simplistic, but it’s a point that is often overlooked – the planes won’t fly, the tanks won’t run, and the ships will sit in dock without qualified people to operate them.

The GI Bill, when it offers the appropriate level of benefits, addresses this; it is a program that attracts the bright, disciplined, goal-oriented men and women the military needs and that we want looking out for the security of our nation.

Disturbing statistics, however, show that the Armed Forces are beginning to have difficulty maintaining the recruiting successes of recent years. A 1998 Department of Defense study, which provides information on the attitudes of youth toward service in the military, shows that young men are losing interest in military service. In the second quarter of fiscal year 1999, the Army was able to recruit only 83% of the young people it needs and the Air Force fell short of its goal by over 1,300 recruits.

Quality indicators are also suffering. The percentage of Army recruits who were high school graduates dropped to 90% in the second quarter of 1999. Additionally, 2% of these new recruits scored in the lowest acceptable level of the Armed Forces Aptitude Test. In contrast, during the first quarter of fiscal year 1992, no new recruits scored in this category.

Several factors, including the widely-publicized downsizing of the military, a robust national economy, and the broad availability of grants and loans for college have contributed to the declining interest in joining the Armed Forces.

We can stop this steady drift toward major recruitment problems if we ensure that the GI Bill continues to fulfill its purpose as an effective recruitment tool and readjustment benefit. Studies have clearly demonstrated that smart, ambitious young men and women will enter the military if they can earn education benefits through that service.

I want to sincerely thank you, Jack [Quinn], for cosponsoring H.R. 1182, introduced by Bob Stump, and you, Bob [Filner], for cosponsoring H.R. 1071, introduced by Lane Evans. These are both excellent bills. I also want to take this

opportunity to thank Bob Stump and Lane Evans for ensuring that Congress enacted legislation last year increasing GI Bill benefits by 20%. This was a great step forward, but more needs to be done.

It is clear that the level of benefits paid under the Montgomery GI Bill must be significantly increased if the program is to fulfill its purposes. The costs of education have soared since 1985, but the GI Bill benefit level has not increased accordingly. If this program isn't improved, the GI Bill will become a hollow program with little value as a readjustment benefit or recruitment tool.

I understand that, at this point in the budget process, funding for GI Bill improvements has not been provided for fiscal year 2000. This hearing, however, will enable the Subcommittee to build a record to present to your colleagues on the Armed Services Committee and to the Administration. I urge you to make improvement of the GI Bill one of your highest priorities during this Congress. I intend to take every opportunity to remind others in Congress and the Administration that benefits – particularly GI Bill benefits – earned by those who volunteer to serve in our nation's military – thereby subjecting themselves to the rigors, hazards, and discipline which are unique to military service – must be more generous than those provided for other citizens. I hope you will join me in this effort.

Again, thank you for giving me this opportunity to testify before this great subcommittee.

**STATEMENT OF  
VICE ADMIRAL P. A. TRACEY**

**DEPUTY ASSISTANT SECRETARY OF DEFENSE  
(MILITARY PERSONNEL POLICY)**

**Before The  
Subcommittee on Benefits  
House Committee on Veterans' Affairs**

**ON**

**Military Recruiting and  
Enhancements to the  
Montgomery GI Bill**

**April 21, 1999**

**NOT FOR PUBLIC RELEASE UNTIL  
RELEASED BY THE SUBCOMMITTEE**

## INTRODUCTION

Good morning Mr. Chairman and members of the Subcommittee. I am pleased to appear before you today to discuss a mainstay of our military recruiting efforts, the Montgomery GI Bill (MGIB). There is little doubt that the MGIB has met or even 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 Servicemembers a comprehensive package of benefits to compensate for opportunities lost while in the military, and to ease their transition back into civilian life. Only a few years ago, we celebrated the 50th Anniversary of that 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.

The GI Bill offered returning soldiers, Sailors, airmen and Marines payment of tuition, fees, books, and supplies, along with a living stipend, at the educational institution of the veteran's choice. In fact, I believe that the Chairman of your full committee, the Honorable Bob Stump, as well as the former Chairman, for whom the MGIB is named, the Honorable G.V. "Sonny" Montgomery, both attended college under this program.

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."

For today's hearing, you asked me to comment on two legislative proposals: H.R. 1071, "Montgomery GI Bill Improvements Act of 1999," and H.R. 1182, "Servicemembers Educational Act of 1999." Both bills have strengthened this lineage and taken a basic tenet of the original GI Bill as their core. Similar to that landmark program, these proposals also would enable veterans to attend any institution of higher learning to which they are accepted.

This morning, I want to share with you the current state of military recruiting and how our success might be affected by the proposed enhancements of the MGIB. Since the basic MGIB benefit, along with the remainder of veterans' programs and benefits, falls under the Department of Veterans' Affairs for overall policy and funding, the fiscal impact of the proposals would fall mainly on that Department. My comments will focus on the implications of the proposals for military recruiting and retention.

## **RECRUITING AND RETENTION**

Results of a recent Harris Poll ranked the military first as the most respected American institution. Moreover, it is the quality, dedication, and professionalism of the men and women in uniform that command such respect from all Americans. Our success in maintaining a military second to none derives from our continued success attracting and retaining people with the necessary talent, character, and commitment to become leaders and warriors in the nation's Armed Forces.

Despite the high regard with which Americans view their military, we face the most challenging recruiting and retention climate in recent years. The American military continues to produce technicians, workers, leaders, and citizens who are in great demand in the private sector of our booming economy. The anticipated demands of the 21<sup>st</sup> century job market put an even higher value on post-secondary education than in the past. It's a buyer's market. Young men and women today are presented with ample opportunities to attend college, and there is fierce competition for their talents in industry. Military service is not always at the top of the list of career options they consider.

Each year, the Department must recruit about 200,000 young people for active duty. We know that high-quality youth are more expensive to recruit, but we also know that they perform better both in training and on the job. High-quality recruits also are more likely to complete their initial terms of enlistment.

**QUALITY IS IMPORTANT**

We generally report recruit quality characteristics along two dimensions -- educational achievement and aptitude. Both are important, but for different reasons.

We value recruits with a high school diploma because years of research and experience tell us that high school diploma graduates are more likely to complete their initial three years of service. As shown in Figure 1, about 80 percent of recruits who have received a high school diploma will complete their first three years, yet only about 50 percent of those who have not completed high school will make it. Those holding an alternative credential, such as a General Education Development (GED) high-school-equivalency certificate, fall between those two extremes.

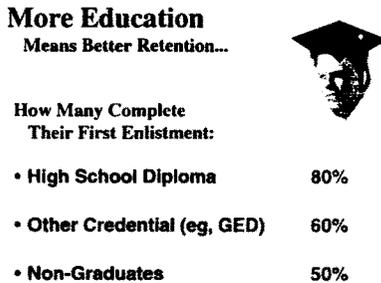


Figure 1

The better retention associated with those who complete high school saves money. It costs taxpayers about \$35,000 to replace (recruit, train, and equip) each individual who leaves service prematurely. This argues for recruitment of those who are most likely to adapt to military life and stay the course -- the high school diploma is a reliable indicator of "stick-to-itiveness."

All applicants also take a written enlistment test, called the Armed Services Vocational Aptitude Battery (ASVAB). One component of that test is the Armed Forces Qualification Test, or AFQT, which measures math and verbal skills. Those who score above average on the AFQT are in Categories I-III. We value these higher-aptitude recruits because their training and job performance are superior to those in the lower (below average) groupings (Categories IIIB - IV).

Research shows a strong correlation between AFQT scores and on-the-job performance, as measured by hands-on performance tests across a range of occupations. In Figure 2, we show that relationship. Even with on-the-job experience, enlistees with lower aptitude continue to lag behind those with higher aptitude. For example, Category IV recruits, with three years experience, never catch up with the level of performance at which the higher-aptitude recruits (AFQT Categories I-II) began.

### Higher Aptitude Means Better Performance

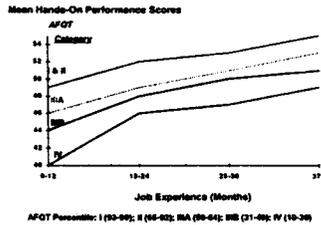


Figure 2

In conjunction with the National Academy of Sciences, the Department developed a mathematical model that links educational attainment, aptitude, and recruiting resources to job performance. This model was used to establish recruit quality benchmarks of 90 percent high school diploma graduates and 60 percent scoring above average on the enlistment test. Those benchmarks were set by examining the relationship between costs associated with recruiting, training, attrition, and retention using as a standard the performance level obtained by the enlisted force of 1990. Thus, the benchmarks reflect the education and aptitude levels necessary to

minimize personnel and training costs while maintaining the performance level of the force that served in Operations Desert Shield and Desert Storm.

Since the mid 1980s, all Services have recruited at levels above the DoD benchmarks (Figure 3). While there has been a slight decline over the past three years, when comparing

### DoD Recruit Education and Aptitude...

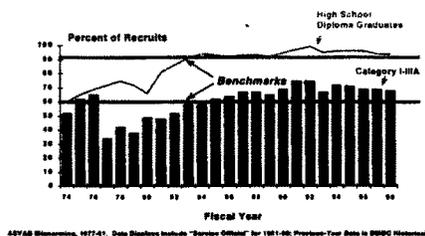


Figure 3

education and aptitude with historical trends, today's entering recruit quality remains excellent. In the current recruiting environment, the Services have made measured adjustments in the mix of high school diploma graduates and individuals with above average aptitude scores to maintain needed performance levels while balancing recruiting costs, attrition risks, and training requirements.

#### ***FY 1998 RESULTS***

Fiscal Year (FY) 1998 was the most difficult recruiting year we've had in quite some time. Although not fully successful in attracting the numbers of new recruits sought, the Services did enlist young people with the education and aptitude levels necessary to sustain a capable, ready force. The Services recruited nearly 180,000 first-time enlistees -- 94 percent were high school diploma graduates (HSDGs) with 68 percent scoring above average on the enlistment test (AFQT I-IIIs). In order to maintain this quality, two Services missed their numeric goals. The Army reached 99 percent of its objective, missing by 776 individuals, while the Navy achieved 88 percent of its mission, a shortfall of 6,892 recruits.

**FY 1999 YEAR-TO-DATE RESULTS**

Recruiting challenges continue in FY 1999. Through the first six months of this fiscal year (October 1998 to March 1999), the Navy and Marine Corps met their numeric recruiting goals, while the Army and Air Force fell short. Nonetheless, recruit education and aptitude levels across the Services remained above DoD benchmarks. Table 1 shows those levels for young people either shipped in the first six months of FY 1999, or who enrolled in the Delayed Entry Program (DEP) for subsequent enlistment during this fiscal year.

FY 1999 Recruit Quality through March 1999					
	Army	Navy	Marine Corps	Air Force	DoD
<b>HSDGs</b>	90	92	94	99	93
<b>Cat I-IIIAs</b>	65	65	65	77	67
<b>Cat IVs</b>	1.9	0	0.8	0.2	0.6

Table 1

We expect the Marine Corps to achieve its FY 1999 recruiting objective. The Navy expects to access sufficient new recruits to meet its end strength objective. The Army has experienced a difficult year and may miss its objective by up to 6,000 recruits. Also, the Air Force may miss its FY 1999 objective by up to 2,000 recruits. All Services will meet or exceed quality benchmarks.

**RETENTION**

The strength of the All Volunteer Force comes not only from the high quality of the recruits we access, but from the depth of experience that arises from high retention rates. Numerical recruiting missions are, of course, strongly influenced by retention trends. A downturn in retention, for example, places additional pressure on recruiting.

Retention is of concern in the mid-career forces, both officer and enlisted. Pilots, electronic technicians, computer programmers, and satellite communications operators are but a few of the specialties where we have growing concerns. In addressing those concerns, we must be careful to balance the effects of an enhanced MGIB on both recruiting and retention.

## THE MONTGOMERY GI BILL

Education benefits are vital to our recruiting efforts. "Money for college" consistently ranks as the major reason young men and women give for enlisting; in fact, in FY 1998, 96 percent of eligible new recruits enrolled in the MGIB. As shown in Figure 4, enrollment in the active duty MGIB program has risen from only 50 percent in its first year, FY 1985, to the current 96 percent. A total of 2.4 million men and women, from an eligible pool of 3 million, have chosen to participate in the MGIB since its implementation on July 1, 1985. Such enrollment rates demonstrate the attractiveness of the Montgomery GI Bill.

### Enlisted MGIB Enrollment, FY 1985-FY 1998

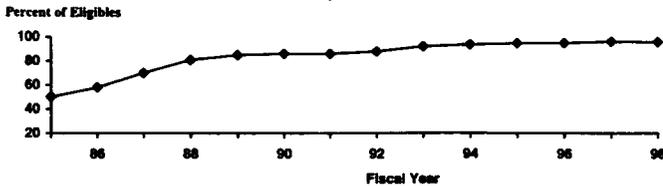


Figure 4

To ensure that enlistees understand the benefits provided by the MGIB, as well as the enrollment and disenrollment parameters, recruits are briefed during enlistment processing, and again during basic military training. It is here, within two weeks after enlistment, that the final decision is made regarding MGIB participation. Finally, at the time of their separation, those who had enrolled are briefed on the MGIB and encouraged to take advantage of its associated educational opportunities.

### VALUE OF THE MGIB STIPEND

Figure 5 shows the percent of average four-year college costs that are offset by the MGIB. Since its inception, the value of the benefit, when adjusted for inflation, has grown by only 24 percent, while college costs have risen by 49 percent. During the initial year of the program --

School Year 1985-86 -- the MGIB offset nearly 97 percent of the cost of tuition and fees. This offset steadily declined until the early 1990s when the MGIB monthly benefit was increased from \$300 per month to \$400 per month. The provision enacted in Public Law 103-66, "Veterans Reconciliation Act of 1993," adjusted annually the benefit for inflation and helped compensate for the early declines. Moreover, the 20-percent benefits increase authorized for FY 1999 yielded the first real gain in the percentage of the offset since School Year 1990-91. We estimate that for School Year 1998-99, the MGIB will cover approximately 70 percent of tuition and fees.

### Education Costs Offset by MGIB

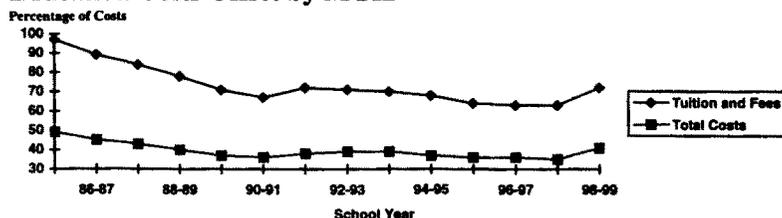


Figure 5

Does the MGIB benefit serve as a recruiting incentive? Indeed it does. As stated earlier, young men and women consistently rank "money for college" as the major reason they enlist. Today, the Services are facing stiff challenges to recruiting. The number of graduates who are pursuing post-secondary education right out of high school is at an all-time high, and young people are finding that financial assistance to attend college is available from many sources. While few of those sources match the benefits of the MGIB, they do not require young men and women to delay their education for a term of military service. The MGIB benefit must be sufficient to offset the commitment and sacrifices associated with military service.

#### **ENHANCEMENTS TO THE MONTGOMERY GI BILL**

The two bills introduced by your Subcommittee -- H.R. 1071 and H.R. 1182 -- would increase education benefits to stimulate military recruiting and to help veterans in transition from

military service to civilian life. Thus, it is clear that Congress remains keenly interested in preserving the viability of the MGIB. While the Department shares that interest, we particularly support those changes that improve recruiting and maintain retention that will continue to be affordable in the long term.

#### ***DISCUSSION OF PROPOSALS***

H.R. 1071 and H.R. 1182 share a number of common elements. In both bills, the concept of a "full-ride" -- payment of at least 90 percent or more of the tuition, fees, and books, for an enlistment or reenlistment of four or more years -- reflects the most significant change from today's MGIB. This provision mirrors the original GI Bill. While there is no doubt that such an enhanced benefit would constitute a more attractive enlistment incentive, there may be downsides; for example, we are concerned that the generous education benefit embodied in the "full ride" may affect first-term retention. For this provision to be cost effective, the recruiting gains would have to more than offset any increased separations at the end of a first term where Servicemembers might leave to attend college.

Preliminary analysis suggests that an increase in education benefits would significantly increase high-quality enlistments. Although the analysis suggests that there would be a "one-time" impact on retention for current Servicemembers who would reenlist or extend for a four-year period in order to become vested under the new, more generous program, it also suggests that the increased benefit would cause first-term retention to decrease, as more Servicemembers opt to leave to attend college. We will not be ready to quantify these outcomes for several weeks. I will be pleased to share more complete results with you as they become available.

Another potential concern with significant increases in the basic entitlement available for all four-year enlistments is the impact on the existing Service college fund "kickers." These additions to the basic MGIB stipend are used not only to expand the recruiting market, but also to channel new recruits into specific hard-to-fill or critical skills. Currently the Army, Navy, and Marine Corps offer up to \$50,000 (\$19,008 from the basic MGIB and \$30,992 from the Service "kickers") for such enlistments. An enhanced MGIB that offered the same level of entitlement as

the basic MGIB with "kicker" to all participants would eliminate one effective tool we have to recruit for these important skills.

Both bills provide education benefits without requiring the \$1,200 subscription cost to the member, which, in effect, would result in a "pay raise" for new enlistees of \$100 per month for their first year of service. Although more than 96 percent of new recruits in FY 1998 enrolled in the MGIB with the current pay reduction provision, elimination of that requirement would result in 100 percent participation in the program. Additionally, since less than 60 percent of MGIB eligible veterans actually use their benefits after separation, that \$1,200 is lost income for many of our young Servicemembers. Elimination of the pay reduction would enhance the value of the MGIB, and we believe could have some effect on recruiting, but we have not yet estimated that impact.

Finally, it is important to consider the costs of these two bills to be funded by the Department of Veterans' Affairs. The Office of Management and Budget's preliminary estimate indicates that implementing this legislation would cost approximately \$1.5 billion for H.R. 1071 and \$1.3 billion for H.R. 1182 over the period FYs 2000-2004.

## CONCLUSION

Today, the volunteer military stands ready, willing and able to defend our nation, as well as its values and principles. Credit for our success in attracting high-quality people to serve in uniform belongs in large measure to Congress and to this Subcommittee for providing military members with the benefits embodied in the MGIB program. The MGIB has been a major contributor to the recruiting success enjoyed by the Services in recent years. However, we now face difficult challenges as a consequence of growth in recruiting missions, a robust economy, and an increase in the number of American youth pursuing post-secondary education.

Few things, if any, are more important to the Secretary and to the Services represented with me today than recruiting. We recognize our duty to man the All-Volunteer Force with high-quality, motivated, and well-trained young men and women. The MGIB remains a key to our success. I look forward to the upcoming deliberations relating to potential enhancements of the

**MGIB. As we move toward the 21<sup>st</sup> Century, we must seize the opportunity to build on the remarkable legacy given to us by the visionaries who crafted each preceding version of the GI Bill. I thank this Subcommittee for its unflagging support of the men and women who serve, or who have served, in providing for the national defense.**

STATEMENT OF  
REAR ADMIRAL THOMAS J. BARRETT, USCG  
ON  
MONTGOMERY G. I. BILL IMPROVEMENTS  
BEFORE THE  
SUBCOMMITTEE ON BENEFITS  
COMMITTEE ON VETERANS' AFFAIRS  
U. S. HOUSE OF REPRESENTATIVES

APRIL 21, 1999

Good morning, Mr. Chairman and distinguished Subcommittee members. It is a pleasure to appear before you today to discuss the proposed improvements to the Montgomery G.I. Bill and their relation to recruiting and retention issues critical to building a ready Coast Guard to meet the challenges of the next century.

For today's hearing, you have asked me to discuss how two legislative proposals, H.R. 1182, the Servicemembers' Educational Opportunity Act of 1999, and H.R. 1071, the Montgomery G.I. Bill Improvements Act of 1999, might impact Coast Guard recruiting and retention.

Like the other Armed Services, the Coast Guard is experiencing readiness concerns and challenges. First and foremost, we need to recruit the numbers of talented people to meet our mission requirements.

Today's Coast Guard has to vie for personnel in an increasingly tight national labor market, and in a recruiting environment that is extremely competitive. Numerous factors

have complicated our recruiting efforts. The primary factor has been the impact of a strong national economy on unemployment. Unemployment among 16 to 19-year-olds, our primary source of new recruits, is lower today than when we converted to an all-volunteer force in 1973. To remain marketable, the Coast Guard has highlighted: the multimission nature of the Coast Guard; the opportunity to gain education, practical experience, and training; a sense of being a member of an elite team in service to our country; medical care; fair compensation; and a good quality of life.

We know from the Department of Defense Youth Attitude Tracking Survey (YATS) that today's youth rank education and training opportunities as their primary reason for entering the services. The educational package provided in the Montgomery G. I. Bill is a strong inducement for today's youth. The changes proposed in H.R. 1182 and H.R. 1071 could make Coast Guard service more attractive, but we are aware that there are significant costs attached for the government. We are currently evaluating both the costs and the benefits of the two bills. However, we can say at this time that the impact of these proposals on retention is uncertain. Enhanced educational benefits may reduce initial reenlistments. This drawback will need to be weighed against the proposals' positive impacts.

Thank you for the opportunity to discuss this important issue, and for your commitment to military men and women. I will be happy to answer any questions you may have.

**STATEMENT OF  
MICHAEL P. CLINE  
MASTER SERGEANT (RET)  
EXECUTIVE DIRECTOR**

**BEFORE THE  
COMMITTEE ON VETERANS AFFAIRS  
SUBCOMMITTEE ON BENEFITS**

**APRIL 21, 1999**

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1219 Prince Street  
Alexandria, VA 22314-2916  
703/519-3846

**DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS**

**The Enlisted Association of the National Guard of the United States (EANGUS) does not currently receive, nor has the Association ever received, any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.**

## INTRODUCTION

Mr. Chairman, Members of the Benefits Subcommittee of the House Veterans Affairs Committee:

I am honored to have this opportunity to present the views of the Enlisted men and women of the National Guard of the United States. Our members are very appreciative of the support extended to them in the past, and are very confident that you will, through your diligent and conscientious efforts, give serious consideration to the most critical issues facing the National Guard today.

The citizen soldiers of today are truly the finest ever. As the drawdown of the active forces continues, the Guard is being called upon more and more to provide peacetime and combat-ready support for contingencies around the world.

The Army and Air National Guard represent a stable force that acts as a storehouse for skilled professional personnel and an effective structure to retain skilled personnel departing the active services during the drawdown. The Army and Air National Guard need to assure its members that it can recognize them for the contributions that they make to national defense. To maintain the personnel necessary to get the job done, EANGUS is pursuing a number of equity and benefits issues on behalf of National Guard members.

## EXTEND TEN-YEAR LIMITATION FOR MGIB BENEFITS FOR SELECTED RESERVE MEMBERS

Eligibility for Chapter 1606 of the Montgomery GI Bill is automatic upon incurring a 6-year National Guard or Reserve service obligation, earning a high school diploma, and completing initial active duty for training, *not* upon the Reservist's decision to attend school or select non-classroom training. From that point, the National Guard or Reserve member has only 10 years in which to use his/her MGIB benefits. Active duty members have 10 years *after separation* to use their benefits.

A part-time student could easily take all of the 10 years currently authorized for MGIB benefits to complete an undergraduate degree. Therefore, such Guard and Reserve members are often forced to either attend school during their first enlistment or risk the loss of their benefits. Guard and Reserve members can lose their benefits while they are still in the Guard or Reserve. Ten years after they return from their initial training, the benefit is gone, although the member may stay in the Guard or Reserve for another 10 to 15 years or more.

In fiscal year 1998, there were 438,927 Guard and Reserve members eligible for the MGIB. Of those, 37%, or 160,571 members, applied to receive the benefit. Unfortunately, no one has done any costing of extending the delimiting date to five years after separation. The Office of the Secretary of Defense believes that only an additional 2-3% of eligible Reservists would use the MGIB benefits if the limiting dates were expanded. Title 10 chapter 1606 MGIB benefits are paid for by DoD and administered by the Department of Veterans Affairs.

Eligibility for chapter 1606 benefits should be extended to five years after separation from the Guard or Reserve.

Alternatively, if there is concern of losing the benefit as a retention incentive, the extension can be given only to those who remain in the Guard or Reserve for a specified period of time. Since the Chapter 1606 benefits expire 10 years from the date of eligibility, or as soon as the member ceases to be a member of the Selected Reserve, an added retention incentive can be created. Upon reaching the end of a person's eligibility, if that person is still an active member in the Selected Reserve with 10 years of service or more, then his/her MGIB chapter 1606 benefits then be extended to five years after date of separation.

As more reliance is placed upon Guard and Reserve members, extending the MGIB benefit to five years after separation will help accomplish the goals of recruiting and retention. With this extended benefit, fewer individuals would leave, therefore reducing training costs of \$77,000 per individual when that person must be replaced.

### **ACCELERATED PAYMENT OF MGIB BENEFITS FOR GUARD AND RESERVE**

Included in S. 4 is a provision to accelerate payments of educational assistance for active duty uniformed service members. Due to the changing nature of education, this has become critical for those seeking non-traditional certifications such as many computer-related courses of study: Network Engineer, Programmer, etc.

As we enter the 21<sup>st</sup> Century, better trained and educated service members benefit the National Guard or Reserve unit. Units would have trained personnel who could assist in the managing of data at the unit level and enhance readiness.

The Enlisted Association of the National Guard of the United States believes it equitable that the National Guard and Reserve Components receive the same option. This option will not cost more money, just change the delivery time period for those already eligible.

### **ACTIVE GUARD AND RESERVE**

Active Guard and Reserve (AGR) personnel currently choose between the MGIB - active duty and the MGIB - Guard and Reserve when they begin their AGR tour. If they choose MGIB - active duty, they pay the \$1,200 fee for the benefit, just as the regular active duty member does. Unfortunately, AGRs are frequently not informed of their option to contribute to the MGIB - active duty when they first come into the AGR program.

If the \$1,200 fee is eliminated for the active duty MGIB benefit, AGRs should be eligible for the same benefit. They should be subject to the same criteria for the benefit, three or four years of active service, as the active component.

### **CLOSING**

Mr. Chairman, it is our Association's belief that the National Guard, in conjunction with the active component, represents the most cost-effective weapon at our disposal to defend our nation. The National Guard stands ready, willing and accessible to meet our defensive needs.

Mr. Chairman, the National Guard is your next door neighbor, he or she may be a truck driver, your lawyer, your son or daughter or your grandchildren's teacher. When the National Guard is called, America goes to war. The National Guard is family, Americans at their best. The National Guard - protectors of freedom. and defenders of peace!

I would like to thank the Chairman and Members of this committee for the opportunity to provide testimony on the Montgomery GI Bill benefit for the National Guard and Reserve.

VETERANS' AFFAIRS BENEFITS SUBCOMMITTEE HEARING

May 20, 1999

10:00 A.M.

INTRODUCTORY REMARKS

CONGRESSMAN SILVESTRE REYES

Mr. Chairman, I want to thank you for scheduling this second hearing regarding H.R. 1071 Montgomery GI Improvements Act of 1999 and H.R. 1182 Service Members Educational Opportunity Act of 1999. As I have stated before, these two bills will have a significant impact on improving the transition of veterans into the civilian sector, and enhance our nation's efforts in recruitment and retention of our military service men and women.

I therefore welcome the opportunity to hear today from today's witnesses who will give additional insight into the effectiveness of the GI Bill as a tool of recruitment and retention. Moreover, I look forward to the testimony of the Veterans Service Organizations regarding improvements to the GI Bill through H.R. 1071 and H.R. 1182. Your organization represents millions of veterans who have served and have looked to the GI Bill as an important readjustment benefit. I therefore appreciate the opportunity to hear your insights and actual experiences with the GI Bill to know what aspects of these two bills will have the greatest impact.

Clearly, the necessity of substantially improving the benefits we afford our veterans through the Montgomery GI Bill can not be overstated. The recruitment deficits our military branches are facing is disconcerting and we simply can not allow our military strength and leadership to be compromised. This is especially true as our nation's armed forces are currently engaged in the Balkans, while at the same time we are maintaining our national security

commitments around the globe.

The Montgomery GI Bill as a readjustment benefit must be at an adequate level or it loses its value. Our veterans earned these benefits and these benefits should retain their ability to serve our veterans needs. The improvements included in these two bills are necessary as we have seen an erosion in the value of these benefits in relation to spiraling costs of higher education. Moreover, with our strong economy and numerous financing options for higher education, our Armed Services are facing increasing challenges in showcasing the benefits of military service. The Report of the Congressional Commission on Service members and Veterans Transition Assistance points to this gap. I strongly agree and support their conclusions that we must enhance the Montgomery GI Bill to continue to provide veterans with access to higher education, assist our Armed Forces in recruiting, enhance our nation's competitiveness, and attract service members that will become leaders of our nation upon completing their military service.

Overall, this hearing is vital to review the purpose of the GI Bill, focus on the need to raise the level of its benefits, and address the impact that improvements can have on Military recruitment and retention.

Thank you, Mr. Chairman for convening this hearing. I know that through the work of this committee and the input of the witnesses testifying today, we will craft legislation that will properly assist our military and the veterans who so proudly serve our nation.

Statement of Nora Egan  
Deputy Under Secretary for Management  
Veterans Benefits Administration  
Department of Veterans Affairs  
Before the House Committee on Veterans' Affairs  
Subcommittee on Benefits  
May 20, 1999

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to testify today on H.R. 1071, the Montgomery GI Bill Improvements Act of 1999, and H.R. 1182, the Servicemembers Educational Opportunities Act of 1999, and to share our views of the future role of the Montgomery GI Bill (MGIB) with respect to military recruitment and veterans' readjustment.

These bills would substantially enhance the MGIB. Both, we note, appear to draw in large measure on recommendations of the Congressional Commission on Servicemembers and Veterans Transition Assistance ("Commission") as their blueprint. We find that those recommendations, this legislation, and today's hearing all demonstrate a strong commitment to veterans and our Armed Forces. We appreciate that this consideration of new ideas, of a new vision, lends vitality to the debate about the form veterans' benefits should take to meet recruitment and readjustment needs, as we enter the 21st century.

Mr. Chairman, we are proud that we had the opportunity to provide staff to the Commission on Servicemembers and Veterans Transition Assistance and that Joseph Thompson, the Under Secretary for Benefits, was an ex-officio member of the Commission. We look forward to working with the Committee as we consider the Commission's recommendations.

I now would like to address the specific legislation on today's agenda.

**H. R. 1071**

H.R. 1071 incorporates many of the ideas of the Commission. In addition, portions of section 4 and sections 6, 7, and 9 include other issues not mentioned in that report. Preliminary estimates indicate that this bill would cost approximately \$1.4 billion over the period FY 2000 – 2004, and substantially more as the proposed program enhancements take full effect in the outyears.

**Section 2** of the bill would provide enhanced educational assistance for servicemembers who serve four years of honorable active duty after September 30, 1999. The enhanced benefit would include payment of tuition and charges; payment for required books and supplies; and payment of a monthly stipend (\$800 for full time students and lesser amounts for part-time students). An eligible veteran would be entitled to a maximum 36 months of full-time benefits. This approach follows similar provisions in the Commission Report except that the latter would provide a \$400 a month stipend for up to 36 months.

Mr. Chairman, with the 20% increase in rates enacted just last year and effective October 1, 1998, the economic benefit of the MGIB benefit has improved relative to the cost of education. While we laud efforts to further enhance the MGIB's value to veterans, we believe that further study may reveal other alternatives that are less costly and take into consideration the value of in-service training.

**Section 3** of the bill would increase from \$528 to \$900 and from \$429 to \$730 the monthly educational assistance payable to those veterans not receiving the enhanced benefit.

There continues to be a disparity between college costs, which have quadrupled in the last 20 years, and the education benefit provided by the MGIB. However, the MGIB continues to be one of the most popular mechanisms for attracting high-quality enlistees. The Department of Defense (DoD) indicates that the new recruits to the Armed Forces cite "money for college" as the major reason given for enlisting. And as you know, about 96% of new recruits sign up to participate in the MGIB.

While VA believes that an increase in monthly stipends would make the economic value of MGIB benefits more consistent with the cost of education, we suggest other related issues need to be considered. As you may know, we are currently evaluating the MGIB program in an effort to improve its value to veterans.

Thus, we believe further analysis is needed to determine the appropriate amount of the benefit along with appropriate delivery methods. Further, because this section would increase direct spending, it is subject to the pay-as-you-go (PAYGO) requirements of the Omnibus Budget Reconciliation Act of 1990.

**Section 4** would repeal the requirement that an individual who participates in the Montgomery GI Bill has to have a \$1,200 pay reduction consisting of \$100 per month for 12 months. All servicemembers entering active duty for the first time on or after October 1, 1999, would be participants in the Montgomery GI Bill. We would defer to DoD in this matter.

Section 4 of the bill also would repeal the requirement that in order to be eligible for MGIB benefits, individuals must have completed the requirements for a high school diploma or equivalency certificate.

Current law contains a number of complex eligibility requirements that veterans in various categories must meet in order to become entitled to education benefits. In some cases, this has produced uneven requirements that have caused some individuals to be denied benefits. One such requirement is that eligible veterans possess a high school diploma or equivalency certificate. The time within which individuals must achieve this educational requirement varies by category. Just to give one example: Individuals who first enter on active duty after June 30, 1985, must have completed the requirements for a high school diploma or equivalency certificate before their first period of active duty ends. This contrasts to the requirement for individuals involuntarily separated after February 2, 1991, or separated on or after October 23, 1992, and who received voluntary separation incentives. These individuals must have obtained a high school diploma or an equivalency certificate before they apply for benefits.

In fact, three of the four categories for MGIB eligibility have different time lines to meet this education requirement. We fully appreciate that this causes confusion, is cumbersome to administer, and has adversely affected many veterans. Nevertheless, we cannot endorse eliminating the education requirement entirely.

The presence of the educational requirement in the MGIB serves as an important incentive for servicemembers to achieve an education level basic to their ability to acquire the advanced skills and perform operations needed by the military. Further, we believe it is in the best interest of transitioning servicemembers to have attained a high school diploma or equivalency certificate prior to separation from uniformed service.

Accordingly, we believe the requirement should be retained. However, we would support making it uniform in application, and believe the law should allow for exceptions, particularly in circumstances when it would not serve either the interest of the veteran or the Government to deny benefits for failure to timely meet the requirement. Therefore, we would like to work with DoD and the Committee to develop an appropriate solution.

**Section 5** would permit accelerated payment of Montgomery GI Bill benefits to veterans who were not receiving the enhanced benefit and who did not receive an advance payment for a term. The accelerated payment to someone enrolled in a course offered on a term, quarter, or semester basis would consist of the payments otherwise due for the month in which the course begins plus the next four months, or payment for the entire course if this would result in a smaller payment. Those enrolled in a course not offered on a term, quarter or semester basis would be paid all benefits otherwise due for the entire course. VA supports the concept of accelerated payments in order to make the program more responsive to today's students' needs. Further analysis, however, is needed to determine appropriate administrative guidelines for such a proposal and to consider the PAYGO implications.

**Section 6** would make Montgomery GI Bill benefits available for the payment of licensing or certification tests. Specifically, this section would change the current definition of "program of education" to include licensing or certification tests required

under Federal, State, or local law or regulation for vocations or professions. The amount of the benefit paid would be the fee charged for the test.

Frequently, individuals are discharged from service with a particular skill, but lack the required license or certificate necessary to practice that skill in civilian life. To receive a license or certificate, they must undergo State, Federal or other testing, which can be expensive. Section 6 would authorize benefits to cover the cost of such testing and we support this section subject to the PAYGO requirements of the Omnibus Budget Reconciliation Act of 1990.

**Section 7** would amend existing law to include within the meaning of the term "program of education" a preparatory course for a test required or utilized for admission to an institution of higher education or a graduate school. The most common example of this type of test would be the SAT. These tests are similar to licensure or certification tests because they must be taken and passed before an individual can move to the next level of education. It is appropriate that they should be included for payment of education benefits. Because this section would increase direct spending, it is subject to the PAYGO requirements of the Omnibus Budget Reconciliation Act of 1990.

**Section 8** would amend the definition of "educational institution" to include any entity that provides training required for certification in a vocation or profession in a technological occupation. This would allow payment for technical courses offered by businesses that otherwise would not meet the definition of "educational institution" found in current law. While it would require careful regulatory oversight, this section would allow veterans to pursue the vocational goals they deem most beneficial to them.

**Section 9** of H.R. 1071 would permit certain individuals who enrolled in the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) to elect to enroll in the Montgomery GI Bill. Individuals who had been enrolled in VEAP and were on active duty on October 9, 1996, would have an 18-month window from the date of enactment within which to make the election. Public Law 104-275, the Veterans Benefits Improvement Act of 1996, enacted on October 9, 1996, provided such an opportunity to VEAP "participants" (i.e., individuals who had VEAP contributions on account) who were on active duty on the date of enactment, and who made the election to become entitled

to Montgomery GI Bill benefits on or before October 8, 1997. This section would open another window and allow more individuals who had enrolled under VEAP to participate in the more generous Montgomery GI Bill. We generally support enactment of this section because the individuals who would be affected were given advice to withdraw funds from VEAP which unfairly resulted in their exclusion from the previous election opportunity granted by Public Law 104-275. However, this recommendation does have PAYGO implications.

#### **H.R. 1182**

H.R. 1182 incorporates some of the recommendations of the Transition Commission and modifies others. Preliminary estimates indicate that this bill would cost approximately \$1.2 billion over the period FY 2000 – 2004, and substantially more as the proposed program enhancements take full effect in the outyears.

**Section 2** of the bill would provide enhanced educational assistance for servicemembers who generally would have to serve four years of honorable active duty after September 30, 1999. The enhanced benefit would consist of payment of 90% of the tuition and fees actually charged to the individual; payment for the individual's books and supplies; and payments of a monthly stipend of \$600 for full time students, with lesser amounts for part-time students. The veteran would be entitled to 36 months of full-time benefits. In addition, the payments for tuition, fees, books and supplies would not be considered veterans education benefits for purposes of section 480(vv) of the Higher Education Act of 1965.

With regard to the enhanced benefit, which is similar to that described in Section 2 of HR 1071, we would refer you to our earlier comments on page 3 of this testimony. We believe that the proposal to exempt VA education assistance from consideration as untaxed income and benefits in the Higher Education Act must be evaluated in the contexts of both the recommended enhancements to the MGIB and the absence of those enhancements.

**Section 3** would repeal the requirement that an individual who participates in the Montgomery GI Bill must have a \$1,200 pay reduction consisting of \$100 per month for

12 months. All servicemembers entering on active duty for the first time on or after October 1, 1999, would be participants in the Montgomery GI Bill. As we noted earlier in our comments on a similar provision in H.R. 1071, we would defer to DOD on this provision.

Section 3 also would allow that the outreach services VA is required to provide may be furnished not less than one year after the servicemember enters active duty. We have no objection to this provision, which is consistent with our current strategy.

## RECRUITMENT

According to DOD officials, the MGIB has traditionally been their most successful tool in recruiting young people into the military service.

On April 21st, Vice Admiral Patricia Ann Tracey, the Deputy Assistant Secretary of Defense for Military Personnel Policy, provided testimony before this Subcommittee. She said the following with regard to the MGIB: "Education benefits are vital to our recruiting efforts. 'Money for college' consistently ranks as the major reason young men and women give for enlisting." She indicated also that the "MGIB benefit must be sufficient to offset the commitment and sacrifices associated with military service." We agree.

## READJUSTMENT

From VA's perspective, an individual's successful readjustment from military to civilian life is one of the most important, if not the most important, purposes of the MGIB. It is our duty to assist those men and women to transition successfully to new lives as civilians. They have served our country well, and in many cases, have put their lives on the line, often in far-flung regions of the world under hostile circumstances.

Servicemembers will be transitioning back to a civilian world that is fast-paced and competitive. The MGIB was crafted to enhance our Nation's competitiveness through the development of a more highly educated and productive work force. However, the composition of today's military is different from that of WWII and the Vietnam Era. Whereas many servicemembers were unmarried during those periods of service, a full 68% of separating servicemembers today are married. Moreover, the manner in which people receive education today is quite different than in those periods. These are challenges we must meet to ensure that the GI Bill is suited to meet veteran's needs both now and in the future. We are currently evaluating how the program can best help them to capitalize on educational opportunities to make the most of their own abilities and strengths.

## VISION FOR THE FUTURE

Our vision for administering of the GI Bill includes a pledge to maximize the use of technology to improve our service to veterans. We have just completed a nationwide education program-access initiative that enables veterans to call 1-888-GIBILL1 from anywhere in the country and have all calls routed to one of our four education Regional Processing Centers, thereby improving the quality of information and eliminating hand-offs from non-education counselors. Another initiative well underway is the increased usage of the Internet to provide the widest possible dissemination of information, and increased use of automation to provide more timely service to veteran students. Educational institutions will electronically certify veteran enrollments to VA. In most cases, the system will automatically process the claim.

These initiatives are part of a larger effort to dramatically improve veterans benefits and services across all business lines. In the near term, veterans will perceive real change at VA and will know that a constant customer focus is our guiding principle. Customer satisfaction and program outcomes will be measured at the national level to ensure program viability and vitality, and at the local level to ensure the effectiveness of service delivery. Access to VA services will be convenient and readily available to veterans and their families. Hours of availability will be expanded. Media used in communicating between veterans and VA will be expanded (e.g., fax, Internet, telephone). Access points will multiply well beyond the current regional office structure.

Also, veterans service organizations at the county, state and national level will be full partners in delivering service to veterans. This will include allowing them a more extensive involvement in the information and evidence gathering stages of the claims process, as well as giving them more access and input capabilities on veterans records. Agreements on joint efforts to improve service will have been negotiated with our principal "suppliers" of information about veterans, such as educational institutions, DoD, the National Archives, and the Social Security Administration.

Mr. Chairman, that concludes my testimony. I would be pleased to reply to any questions you or Members of the Subcommittee may have.

RECORD VERSION

STATEMENT

BY

DR. STEVE F. KIME

DIRECTOR, SERVICEMEMBERS OPPORTUNITY COLLEGES

AND

CHAIRMAN, VETERANS' ADVISORY COMMITTEE ON EDUCATION

BEFORE THE  
SUBCOMMITTEE ON BENEFITS  
COMMITTEE ON VETERANS' AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

106TH CONGRESS

THE FUTURE OF THE GI BILL  
WITH RESPECT TO RECRUITMENT AND VETERANS' READJUSTMENT

MAY 20, 1999

I am Steve Kime, Chair of the Secretary of Veterans Affairs' Veterans' Advisory Committee on Education and Director of Servicemembers Opportunity Colleges (SOC). SOC is a consortium of national education associations and over 1300 colleges and universities pledged to ease the difficulties of servicemembers seeking a postsecondary education. In cooperation with the Department of Defense, the military services and the Coast Guard, SOC works to coordinate between the Department of Defense and the academic community, and to articulate to each the requirements and needs of the other.

Though SOC's charter and funding are focused on active-duty servicemembers, I am much involved with veterans and with the Montgomery GI Bill. I am both a Navy veteran and an academic practitioner focused on the interface between military service and education. During the 10 years since I wore a uniform it has become increasingly obvious to me that education is the critical element in two very important enterprises: the recruiting and maintenance of a first class military force in an increasingly complicated environment, and the nurturing of the active and successful "citizen-soldiery" in the population that the Founding Fathers envisioned.

These complex, interlocking enterprises sometimes conflict when it comes to funding educational opportunity. For example, I realize that there is concern about making the GI Bill so attractive that servicemembers will leave to take advantage of it, and that some might worry about the impact on special incentives ("kickers") aimed at manning critical specialties. And I understand that some will see funding for the GI Bill in competition with the other urgent priorities, such as correcting military pay and retirement, that need to be addressed. As a veteran and a scholar, it would be tempting to argue equally for every benefit proposed by the Commission on Servicemembers and Veterans Transition Assistance and in the various legislation, but I have kept all of these issues in mind.

The Secretary's Veterans' Advisory Committee on Education was also conscious of political and budgetary realities when it addressed the future of the GI Bill in March of this year. This Committee has long argued for elements of the Commission report and in the various Bills. It prioritized its views in its March 31, 1999 report to the Secretary of Veterans Affairs. (A copy of that report is attached.) If in the battle for funding and support it becomes clear that veterans will not get what is fair and in the national interest, these priorities would be a superb guide to legislation.

The first of these priorities is a call for an appropriate benchmark on which to base modest but justifiable funding. The benchmark suggested is the cost of tuition and living expenses at the average four-year institution. This benchmark is more modest than what has been proposed by HR 1182, HR 1071, or the Commission Report. The Committee's priorities spell out the need for and the advantages of accelerated payments in order for veterans to participate in all the academic, vocational, and technical options in modern adult and continuing education. Again based on less than full educational funding, the Committee took a strong stand on eliminating prejudicial, unfair and anti-military rules and procedures that count GI Bill benefits as "income" in applying for scholarships, loans and other financial aid. They supported elimination of the \$1200 payroll deduction. (Which caused those incapable of using an inadequate GI Bill benefit to help fund those who could.) The Committee noted that the current 10-year delimiting date for use of the GI Bill is out of tune with the modern concept of lifelong learning and suggests a sensible low-cost modification. Not high in the Committee's priorities was the proposed transfer

of the entitlement to dependents. There was concern about potential high cost and about erosion of the GI Bill as an individual entitlement in return for honorable military service.

This thinking is the product of several observations. First, the current benefit comes nowhere close to funding the real educational opportunity that the nation promises in return for placing your life on the line for your country. How can we expect a veteran, especially one with family responsibilities, to attend college for \$528 a month (9 months = \$4,752) when the annual costs for a commuter student at a public 4-year institution (\$8,133 in 1998) or even a public 2-year institution (\$6,196) well exceed the entitlement? Are not the low usage rates for the GI Bill a result of the fact that, having paid in \$1,200 and having served honorably, the veteran re-enters civil society to find that viable educational opportunity appropriate to the veteran's circumstances does not exist? Is even the small entitlement that is provided accessible to the veteran to spend on options for self-development available in today's adult and continuing education? Would not it be in the national interest, as it was after the last World War, to ensure that those who serve their country have a realistic chance to catch up to those who were able to go to college directly from high school?

If, as has been the case for decades now, nothing even remotely like the post WWII GI Bill is in the cards, how do we best address these questions? It is imperative that we have a sensible set of benchmarks and priorities in mind if the veteran once again has to settle for less. By doing so, we can proceed at least toward effective utilization of inadequate funding, if not toward the real educational opportunity that the nation promises. It would be negligent of me not to present this perspective based on skepticism that history justifies. I therefore reiterate the importance of understanding the priorities of the Secretary's Veterans' Advisory Committee on Education in the event that full or nearly full funding of the veteran's education cannot become law.

Legislation now being addressed by this Subcommittee ( HR1182 and 1071), like the Report of the Commission on Servicemembers and Veterans Transition Assistance, argues for funding a serious, thoroughgoing reform of the GI Bill on a scale not even hoped for by the Veterans' Advisory Committee on Education. For years there was little hope of real reform. Advocacy for veterans' education like that expressed by Congressmen Stump and Evans when they introduced their respective Bills is certainly a welcome sign.

Because HR1182 and 1071 propose serious reform, both Bills alter the context. The fact is that, if we could fully or nearly fully fund education for veterans at a school of their choice, all the other considerations pale in contrast. For example, the need for accelerating benefits changes considerably. The ultimate "acceleration of benefits" is serious funding in the first place. The veteran in a four-year or a two-year college program would have far less need to get funds at an accelerated pace under either Bill than with the current funding, or even with a substantially raised monthly benefit.

A major argument for accelerated receipt of benefits is to make the entitlement accessible to veterans who want and need to enroll in vocational-technical, often non-degree, programs of varying length and cost. Some are short and high-cost. It is manifestly in the nation's interest to structure provisions to accommodate these veterans and these programs. On the modern educational landscape, and in today's rapidly paced technological environment, this is as important as funding traditional educational options. If this is dealt with directly, there is far less need for an indirect "accelerated benefits" remedy.

Some of our very best veterans are still on active duty. Why do we make the GI Bill more attractive for those who leave than for those that stay? We must seek ways to make the GI Bill an incentive to stay in at least as much as it is an incentive to get out. Some clues may lie in the Montgomery Reserve Component GI Bill where the citizen-soldier is better off staying in than getting out. The full benefit is usable, even during a first enlistment, with little or no prejudice to other forms of educational assistance. The result is incentive for quality, college-capable, reserve component servicemembers to stay in and educate themselves. Why make the benefit more attractive to those who leave active duty military service than to those who stay? There are, of course, costs associated with the increased usage rates that such thinking would lead to, but analysis will show that the value of retaining college-oriented servicemembers outweighs whatever those costs would be. Full accessibility to the GI Bill benefit while still on active duty would make the GI Bill a better recruiting tool. Recruitment and retention are closely linked and the GI Bill should be a key in both efforts..

Even if you do not accept the argument for parity between those who stay and those who leave active duty, those now serving should not be left out because we are currently seized with a recruitment problem: it is a national responsibility to provide them viable college opportunity. Increased benefits for veterans (\$900 a month) not eligible for the new program deserves serious consideration. This provision of HR1071, and its provision for another election for VEAP eligibles to the MGIB, have more merit than the larger benefits that HR1071 offers over HR 1182. (100% funding for basic college costs compared to 90%, and \$800 monthly compared to \$600) The \$900 monthly stipend almost exactly covers costs of a non-resident student at the average 4-year public college. Most veterans would still have to hold a job, but this is a benchmark that is quite modest but fair.

In my view a \$900 a month stipend would be the lowest cost alternative that would constitute reasonable fulfillment of the obligation to those now serving, and also be reasonably attractive to college-capable recruits. This level of funding would increase the GI Bill usage rate considerably among those completing military service but would not cause a mass exodus from active duty to use it.

I will not attempt to draw esoteric distinctions between provisions of HR1071 and 1182 as they apply to the payment of college costs. One pays more, and any educator-veteran, absent the responsibility for finding the money, wants more. In my opinion, 90% of costs and \$600 a month represents the real educational opportunity and honest fulfillment of the nation's promise that I spoke of earlier. Full payment of costs and \$800 a month is better and would probably make education a more viable opportunity for some additional increment of veterans, but what that increment is and what the tradeoffs are is a matter for the budgeteers, prognosticators, and statisticians.

The nation and veterans have been blessed by efforts of Congressman Montgomery and others who have struggled in an environment unfriendly to veterans. They are heroes to citizens, often disadvantaged citizens, who join up to serve their country. Without them we would not even have a GI Bill to talk about. But, for too long advocacy for veterans' education has been hampered by would-be policymakers like OMB where the first concern has nothing to do with educating veterans, and where little weight is attributed to the national interest in educating our veterans. Accounting is not policymaking. It apparently ignores history and economics too. We

all know that the country gets back what is spent many times over in taxes paid by successful, patriotic leaders and citizen-veterans. These people become role models who think and speak positively about military service to future recruits. We are truly fortunate when they get elected or appointed to high office and become policymaking advocates. We need more of that.

It is high time for real advocacy for veterans' education and it is a delight to see that advocacy in both of these Bills from elected representatives of the people. I have picked and chosen from their provisions, and probably a combination of the two would be best, but either would be an enormous victory for veterans and an incredibly productive act in the national interest. Those of us who support veterans are grateful for this advocacy. We ask you not to allow the budgeteers, prognosticators, and statisticians to pollute or water down the vision that you have shown. As you can see from this testimony, we have had to live with less, and have even come to expect less than veterans have earned. Please prove that we are wrong. This era of surpluses and ever more reliance on our military is a rare opportunity to do that.

I would like to complete my remarks with the words of a veteran who earned and used the GI Bill. At Servicemembers Opportunity Colleges we get many calls from veterans who are disappointed with the GI Bill. One veteran asked to be heard in this very forum. He complained that "I put my life on the line for my country in Desert Storm, but my country can't seem to put any money on the line for my GI Bill....You remember when we used to refer to the military as a hollow force? Well, as far as I'm concerned, the GI Bill in the 1990s is nothing more than a hollow promise....if you are going to promise new recruits the GI Bill ... tell Congress and the military to put their money where their mouth is and make the promise of the GI Bill come true." Thank you for the opportunity to deliver his message.

(Neither Servicemembers Opportunity Colleges nor Dr. Kime receive any federal grant or contract relative to the subject matter of this testimony. A brief vitae and a letter dated 3/31/99 to the Secretary of Veterans' Affairs are attached)

## STEVE FRANCIS KIME

Abbreviated CV

5/20/99

**Education :**

- **Ph.D. Harvard University**, Major fields: Soviet Domestic Politics, Soviet Foreign Policy, International Politics, Modern Political Philosophy
- **Masters in Public Administration, Harvard University**
- **B. A. - International Studies (with highest honors), University of Louisville**
- **State Department Foreign Service Institute**, Russian Course
- **Defense Intelligence College**, Attache Course
- **The National War College**, U.S. National Security Policy, Diploma,
- **United States Submarine School**, Submarine Engineering and Systems

**Current Positions :**

- **Director**, Servicemembers Opportunity Colleges, a consortium of over 1300 colleges and universities sponsored by 13 national higher education associations. 1989-Present
- **Chairman**, Veterans' Advisory Committee on Education, Department of Veterans Affairs, 1990-present. (Chair from 1999)

**Past Positions:**

- **United States Naval Attache to the Soviet Union**, 1983-85
- **Deputy Director**, Politico-Military Policy and Current Plans Division, NAVY, 1985-86
- **Director and Professor**, Division of United States & International Studies, 1986-89 U. S. Naval Academy, (Responsible for the Political Science, Economics and Language Studies Departments.) Member of the Admissions Board, Objectives Review and Academic Board of the U. S. Naval Academy, 1986-89
- **Director**, Board of Control of the United States Naval Institute, 1986-89
- **Member**, Editorial Board of the Naval Institute *Proceedings*, 1986-89
- **Associate Dean of Faculty and Academic Programs**, The National War College, 1979-82. Selected by tenure committee for indefinite appointment as Professor.
  - **Director of Elective Studies**, The National War College, 1979-83
  - **Director of Soviet Studies**, The National War College, 1976-83
- **Adjunct Professor**, Georgetown University, 1980-83
- **Adjunct Professor**, The American University, 1978-83
- **Member**, Senior Military Schools Review Board, 1987
- **Member**, U.S. Naval Training Delegation to China, 1987 (Also served on U.S. Delegations to the USSR, Romania, Yugoslavia, Japan, The Philippines, and Korea)

**Teaching Experience:**

- **Soviet Foreign Policy** - Graduate courses, The American University
- **Soviet Military Policy** - Graduate courses, Georgetown University
- **Soviet Foreign and Domestic Policy and Comparative Communism** - Undergraduate courses, The U. S. Naval Academy
- **Soviet Domestic, Military and foreign Policy** - Courses at The National War College

**Publications** (List of publications on request.)

- Currently: frequent publications in the areas of Adult and Continuing Education, particularly in the military.
- Earlier: publications on Soviet government, and Soviet foreign policy, Soviet military policy. Several poems published.

**Management & policymaking experience:** Details available in a more extensive CV.

**Military Awards :** Defense Superior Service Medal, (two awards)/The Legion of Merit/ Defense Meritorious Service Medal/Meritorious Service Medal, (three awards)/Joint Service Commendation Medal, (two awards)/other minor awards

**Personal Data:**

- **Veteran -- Retired Captain**, U.S. Navy
- **Birthdate:** December 3, 1940, (New Albany, Indiana)
- **Wife:** Wilma Mae Snook, (New Albany, Indiana)
- **Children:** Two sons, two daughters, one granddaughter, six grandsons

March 31, 1999

The Honorable Togo D. West, Jr.  
 Secretary  
 Department of Veterans Affairs  
 810 Vermont Avenue N. W.  
 Washington, DC 20420

Dear Secretary West:

The Veterans Advisory Committee on Education met on March 25th and 26th, 1999. We reviewed the report of the Commission on Servicemembers and Veterans Transition Assistance and the various legislative drafts now being considered.

In our discussions with Under Secretary Joseph Thompson and Deputy Under Secretary Nora Egan we learned that the Department will soon provide OMB with views on the Commission's report. Our Committee urges the Department to strongly support the Commission's recommendations on veterans' education. Many of them propose actions long advocated by this Advisory Committee. The Commission has articulated a bold vision for the GI Bill and that vision deserves vigorous support in the Executive Branch budgeting process and in the Department's advocacy of education for veterans.

The Commission's recommendations are ambitious. Our Committee realizes that their scope will cause some agencies, and perhaps some within the Department, to have reservations. It is clear that there will be considerable give and take as the process evolves. In this environment the Committee can best advise you by stating priorities that should be kept in mind as the process unfolds:

- First, if the full cost of tuition, fees, books and a monthly allowance cannot be funded, it is important that the monthly benefit be raised substantially. For a long time the GI Bill has not provided the education that the nation promises in return for military service and we may have a rare chance to correct that. The Department should establish a benchmark for deriving the monthly benefit that represents real, adequately funded, educational opportunity. The Committee believes that the cost of tuition and living expenses at an average four-year institution would be a meaningful benchmark on which to base the monthly benefit. This would produce an achievable benefit that would be easily explained, understood, and defended.

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- Second, the Committee strongly supports the concept of accelerated payment of benefits and flexible veteran options that fund the nontraditional, non-degree, certificate and technical programs that are part of modern adult and continuing education today. Only if funds can be drawn faster than a monthly benefit permits are many contemporary educational and career opportunities truly open to veterans. For example, veterans should be able to draw their entitlement at twice the current rate if they choose a two-year degree program, or they should be able to debit their entitlement periodically to cover short skill-oriented courses as they keep up to date in fast moving career fields. Clearly, a range of payment options more flexible than what is now considered accelerated payment is needed, and the Committee is prepared to discuss and advise on the details. Because the kind of flexibility envisioned would make the GI Bill far more usable to veterans, there is cost associated with this priority, but we place this reform second only to increasing the benefit itself.

- Third, the Committee is convinced that GI Bill benefits should not be counted as 'income' in any calculation of potential federal student aid or loans. Strong and clear federal law must prohibit any person or process which effectively nullifies an entitlement earned by volunteering to go in harm's way for the nation. Such legislation is imperative if the GI Bill benefit is not raised substantially enough to fully fund education costs.

- Fourth, the Committee supports the elimination of the \$1,200 payroll deduction. We support the majority of veterans who feel strongly about this, and believe that 100% of recruits should qualify for the GI Bill without an inordinate cut in pay.

Some other issues merit attention. The ten year delimiting date for use of the GI Bill is out of tune with modern adult and continuing education. More time is needed. The Committee realizes that the requirement to adjust the delimiting date must take administrative and budget factors into account and suggests a compromise. The delimiting date should stay at ten years, but be calculated from the date of first use of the GI Bill after separation from active duty.

There was considerable discussion in the Committee about proposed transfer of the GI Bill entitlement to dependents. The cost of this provision was an important factor, especially if this cost heavily and negatively impacted other priorities for veterans' education. It was pointed out that the benefit could come to be seen as mere 'property' in disputes, and there was concern that the nature of the GI Bill as an earned individual entitlement for serving the country in uniform would be altered.

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Attention to the resources required to serve veterans is needed. The Committee understands that substantial reforms being proposed will require additional resources. New requirements must include the personnel and budget to execute them well. Also regarding resources, the Committee applauds recent and proposed changes to support prompt answers to veteran queries by phone and internet. However, responsiveness to veterans still needs work, and it seems that a review of resources allocated to this function is in order.

Finally, the Committee has asked me to try to schedule our next meeting at a time when we could meet with you for a substantive discussion of veterans' educational issues. We feel that the coming months provide a rare opportunity to have a very significant impact on the future of the GI Bill and that such a dialog would be very productive. If you agree, a meeting in the latter half of June would be a good time in the current process.

Steve F. Kime  
Chairman

**TESTIMONY**

**Judith Lee Ladd, President  
American School Counselor Association**

**Subcommittee on Benefits**

Hearing on H.R.1071 the Montgomery GI Bill Improvements Act of 1999  
Hearing on H.R.1182 Servicemembers Educational Opportunities Act of 1999  
May 20, 1999

On behalf of the American School Counselor Association, it is my privilege to present testimony regarding the extent to which the two bills might motivate youth who know they are college bound to consider the military first.

Career awareness and exploration begins in the middle grades. It is amazing how many boys and girls, ages 12 – 15, believe the military will be a choice for them. Unfortunately by the time these individuals become high school graduates with strong academic records, a much smaller number elect to enter the military as their first career. Because schools reflect the attitudes of parents and the community, frequently the career planning completed during the four years of high school does not feature the military as a primary mainstream career decision.

Parents play a major role in career decision making for the high school student. Income levels and the ability to support a student's desire for higher education cause parents to take a "conservative" approach. The same opportunities for scholarships based on athletic ability may not be offered if a student elects the military first. Performance on required entry level tests may diminish if taken after a period of time away from the classroom. Fear that the time away from academics while serving in the military will diminish the student's desire to continue the pursuit of higher education undermines the parents' enthusiasm for the military option. Statistic showing only 48.7 % of eligible veterans use the Montgomery GI Bill educational benefits heightens parental concern; therefore, they want their student launched into higher education before other factors can disrupt the drive.

During the senior year, students discover numerous educational and career opportunities which all seem to be competing for attention and decision. When students have difficulty prioritizing and making decisions, they frequently stick to the most traditional options without full exploration of alternatives.

Many features of H.R. 1071 Montgomery GI Bill Improvements Act of 1999 appear to offer more compelling reasons to make the military the primary career choice for a graduating senior. The EXCLUSION FROM INCOME FOR ELIGIBILITY

DETERMINATIONS FOR FEDERAL EDUCATIONAL LOANS means that monies paid by the Montgomery GI Bill will not disqualify students from procuring more realistic levels of educational support. Since most higher education tuition and fees require semester or quarterly payments, the provision of this bill for accelerated payments rather than only monthly stipends enables veterans to make timely payments. The increase in the rates for basic educational assistance and the inclusion of payments for books, supplies and school materials bring added value. The ADJUSTMENT FOR INFLATION allows proportional increases to match the cost of living index. Most significant is the REPEAL OF PAY REDUCTION. This aspect of the former Montgomery GI Bill seemed punitive to many since at the time of needing funds the most, the pay was reduced. The inclusion of benefits for payment of preparatory courses for college and graduate school exams, licensing and certification tests as well as training for technological occupations offered by other than educational institutions broaden the scope of coverage for the veteran and better reflects the reality for transition into civilian career options.

H.R.1071 contains a provision for the repeal of the high school graduation requirement. This section could be controversial since it may project the image of trying to attract a student away from a high school education. With school district goals to reduce "high school drop out rates to zero, this revision could place school personnel and recruiters at odds; however, the subsequent provisions for financial support and acquisition of an equivalent degree during military service, if required for each such recruit, give a shared goal of increasing the educational level for the individual.

The most striking feature of H.R.1182 Servicemembers Educational Opportunity Act of 1999 is the opportunity for veterans to attend either private or public institutions of higher education. The language that supports a ninety percent payment of tuition does not "lock" an individual into an educational institution that would have less challenge than would have been chosen had the individual elected to go to college immediately after graduation. This aspect of the bill should increase the appeal for selection of the military first for those who felt that such a decision would prohibit financial support for more selective college programs as a veteran. It is important to utilize the educational outreach services in new ways for veterans. Parents and students focus during high school on assessment of individual skills and exploration of opportunities. After four years of military service, the individual should have increased proficiencies and a broader range of abilities and skills. If the outreach services include an updated assessment and counseling, parents and students should be assured that the directions taken for higher education are appropriate for the individual. Too frequently decisions made to begin an inappropriate course of studies leads to loss of benefits. Timely guidance and career counseling could reduce that frustration and loss of benefits.

In conclusion, the proposed legislation would offer more incentives for a high school student to select the military as a primary career option. Programs that promote the accurate information and access to benefits will be critical in broadening the career options for youth.



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**NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS**

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**Testimony to the Subcommittee on Benefits**

**Committee on Veterans' Affairs**

**U. S. House of Representatives**

**On H. R. 1071, the Montgomery GI Bill Improvements Act of 1999**

**And**

**H. R. 1182, the Servicemembers Educational Opportunities Act of 1999**

**By**

**David A. Guzman, President  
National Association of Veterans Program Administrators**

**May 20, 1999**

**Washington, D. C.**

Mr. Chairman, members of the House Veterans Affairs Committee, I am David Guzman, President of the National Association of Veterans Program Administrators (NAVPA). Our organization is comprised primarily of VA Certifying Officials at institutions of higher learning both in the public and private sector.

The overarching charter of NAVPA is to promote professional competency and efficiency through the association of our membership; to promote the development, improvement and extension of opportunities to all veterans or dependents of veterans for his or her personal growth and development to its fullest potential through higher education.

This is achieved by assisting with the assessment and attainment of individual needs, communicating and cooperating with communities, schools, agencies and organizations at all levels. We have developed an excellent working relationship with the US Departments of Veterans Affairs and Defense while working toward this end. **We, NAVPA, are at the business end of the GI Bill.**

The membership of NAVPA has long held that veterans should be treated better with regard to their transition assistance from the military service. Veterans should be allocated a much larger education entitlement than currently afforded by enrollment in the Montgomery GI Bill (MGIB) program.

In recent independent studies conducted by several individuals and agencies, the empirical data confirms that veterans are better students than traditional students, but that less than 40% of those veterans who participate in the MGIB while in-service actually use this benefit. While there are several reasons for non-use, the primary reason is that this benefit does not adequately compensate for the high cost of education today.

Many veterans believe that the MGIB has become a non-benefit because their Federal Financial Aid (FFA) is reduced by the amount of their entitlement. It should be noted that the MGIB is based on status, a "benefit"

conferred on veterans in return for military service, while FFA is need-based. Non-veterans must only show need to be eligible for FFA. Thus, a veteran, who also has need, should be eligible for both MGIB and FFA, and the MGIB should not be used to off-set the FFA, particularly since the MGIB is a “contract right” or a “right of status” and the other is merely based on citizenship/need.

Currently, this “off-set” in financial aid is taken off of the top of any aid granted and places the veteran at a disadvantage on the first day of classes. For example, a veteran applies for FFA to supplement their MGIB. For the sake of illustration, the numbers have been rounded to the nearest dollar. Example: Aid is determined to be \$8000.00 for two semesters. This aid is reduced by \$528 (monthly benefit) X 9 months, or \$4,750.00 for an overall aid package of \$3,250.00 for the school year. Tuition costs average \$1,700 per semester X 2 semesters for a total of \$3,400.00 for a deficit of \$150 for the academic (9 month) year. Non veterans receive the full aid, up front, or \$4,000.00 at the start of each semester.

While married veterans have greater needs, (i.e., family school activities, nourishing sustenance, adequate housing, child care, clothing, etc.) their financial aid is only slightly adjusted upward. But with the aid reduced by the amount of the MGIB entitlement their immediate needs cannot be met and the result is that many leave school or never enroll.

It should be noted here that veteran’s benefits are paid on a monthly basis, AFTER the veteran has certified enrollment and, therefore, actually arrives on an average of 40 to 50 days after the month of entitlement.

Benefit adjustments to meet the annual college tuition increase of 4% on average have been inadequate, too little, too late.

Sir, veterans have served this country in uniform, ready to deploy anywhere in the world on a moments notice. Many have served in combat. All have been prepared. We owe a great debt to our veterans for the protections they have afforded our great nation. The MGIB is but one way to repay that debt

and while doing so, we are also helping our nation produce better, more educated citizens who will again repay this nation a thousand fold. It seems to me that Uncle Sam has committed “contractually” to pay the MGIB to military members, and that to reduce this contractual amount because the member may also be eligible for FFA (based on need), is a breach of contract. Military recruiters use MGIB “educational benefits” to induce young people to obligate themselves to military service for some of the best years of their young life. It is likely the case that but for the inducement of the MGIB, many young people would never voluntarily join the service. Military recruits may think differently if they understood that as a result of their voluntary servitude they would actually have their total federally sponsored financial aid (FFA) reduced as a result of their MGIB eligibility, while their non-military peers retain their full FFA eligibility for NOT serving in the military. In fact, the WSU study cited in the attached White Paper revealed that some veterans are advising their siblings not to serve for this very reason.

The Montgomery GI Bill must be enhanced to make readjustment affordable and attainable. NAVPA fully supports the recommended enhancements to the GI Bill contained in proposed legislation.

Additionally, we advocate an enhanced, universal, Transition Assistance Program that would be applied equally across the services so that service members would benefit from knowledge gained from the Department of Veterans Affairs on ownership of and accessing their Montgomery GI Bill earned entitlements. This does not happen now.

Finally, NAVPA advocates an outreach program that would enable school veteran certifying officials to conduct veterans outreach services similar to the Veterans Education Outreach Program (VEOP) grant formerly administered by the Department of Education. According to the last Department of Education VEOP Exemplary Projects report for FY 1989, VEOP grant recipients had done an outstanding job of bringing veterans to school whom otherwise would have let their educational benefits expire.

I have enclosed a White Paper, supported by several independent studies, detailing the issues discussed here today. On behalf of America's Veterans, I thank you for your patience and understanding, and this opportunity to speak to you today.

***CLHE Legal Policy Brief***

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**THE GI BILL:  
RETURN ON INVESTMENT  
FOR THE  
VETERAN AND THE NATION**

April, 1999

Prepared in collaboration with the  
National Association of Veterans' Program  
Administrators

## **CLHE Working Group on Veterans' Education**

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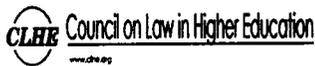
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Student Veterans

Luke L. Petriccione  
Director, Center for Vets  
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*The CLHE Veterans' Education Working Group represents a broad array of interests—from students, veterans, and campus administrators. This multidisciplinary approach to these issues helped to create a unique perspective that rendered insight and objectivity in the formulation of its recommendations.*



CLHE is an independent nonprofit organization devoted to research, analysis, and education on issues in higher education law and policy.

CLHE's principal purposes are to:

- develop concise information and analysis for campus administrators and policy makers
- offer a forum for the exchange of best practices to meet increasing legal and policy challenges; and
- formulate public policy that will reduce institutional burden, create flexibility for colleges in achieving their educational missions, and clarify the requirements necessary for proper compliance.

CLHE's mission will further enhance the objectives of the law, promote the quality and accessibility of education for all students, and reduce costs on institutions

The logo for the National Association of Veteran Program Administrators (NAVPA) consists of the acronym "NAVPA" in a bold, serif font, enclosed within a rectangular border.

The National Association of Veteran Program Administrators (NAVPA) is an organization of institutions and individuals who are involved or interested in the operation of veterans affairs programs and/or the delivery of services to veterans as school certifying officials across the country. NAVPA is governed by a Board of Directors elected annually. The purpose of NAVPA is to promote professional competency and efficiency through an association of members and others associated with, and involved in, veterans educational programs; to promote the development, improvement and extension of opportunities to any veteran or dependent of a veteran for his or her personal growth and development to its fullest potential. This is achieved through assisting with the assessment and attainment of individual needs, communicating and cooperating with communities, schools, agencies and organizations at the local, state, regional and federal levels; developing productive relations with the Department of Veterans Affairs, Department of Education, Department of Defense, and other federal or national Veterans Service Organization or agency serving veterans; participate in efforts to facilitate the education and/or training of educationally or otherwise disadvantaged veterans; and promote cooperative studies, research, evaluation, workshops, seminars, conferences, and other activities as may be desired or required to fulfill the purposes of NAVPA.

## **The GI Bill: Return on Investment for the Veteran and the Nation**

### **BACKGROUND**

Enacted by Congress as a recruiting plan to attract highly-qualified men and women to the Armed Forces, the Montgomery GI Bill (MGIB) may have outlived its utility. The MGIB has not maintained pace with the needs of veterans with regard to the economy or technology. The MGIB is not attracting men and women to the armed forces nor is it a worthy transition tool for those leaving service.

As far back as the Rehabilitation Act of 1919, veterans' benefits have long been the benchmark of the GI returning to civilian society. In fact, GI benefits can be traced as far back as 1636 to the Pilgrims of Massachusetts who adopted laws to assist soldiers who returned from conflict. By the end of WW I, on November 11, 1918, the public awakened to the need for a public placement service for veterans; and, in 1933, President Roosevelt signed the *Wagner-Peysner Act* into law. Section 3 of the *Wagner-Peysner Act* states:

It shall be the province and duty of the US Employment Service to promote and develop a national system of employment office for men, women, and juniors who are legally qualified to engage in gainful occupations, to maintain a veterans' service to be devoted to securing employment for veterans.

Reeducation and job training became the conduit of this act.

In 1944, the *Servicemen's Readjustment Act of 1944*, Public Law 78-346, Title IV, created the "GI Bill." It is from these guiding principles that the nation's commitment to providing education programs to its service members today is based. While GI Bills in the past have served the nation's veterans well, the changing environment now begs that we reevaluate the Montgomery GI Bill with a view toward bringing veterans' educational opportunities into the 21<sup>st</sup> Century.

The Montgomery GI Bill is limited and has not kept pace with the ever changing needs in today's world-of-work. Today, employees are required to maintain pace with evolving technologies in order to maintain currency in the work place. The MGIB does not permit training to maintain currency on the job. The MGIB is limited in its scope of allowable institutions veterans may attend. The MGIB has not kept pace with the escalating cost of tuition

in higher education. The MGIB is not flexible in the methods of delivery of educational programs. The MGIB does not allow for life long learning, and the MGIB is too limited in its dimension.

Much has been said about the delivery of services concerning the MGIB and most of that has been anecdotal and unsubstantiated feelings until the release of several, recent, independent studies. These studies support the findings and recommendations contained herein, and are cited where appropriate.

The members of the CLHE Veterans' Education Working Group have developed recommendations for improvements in the delivery of educational benefits to this nation's veterans. By addressing these and other issues, we believe that the commitment made by an individual when he or she wears the uniform of America's Armed Forces deserves our nations' gratitude. The GI Bill is but one way of expressing the nation's gratitude for the selfless act of protecting our American way of life that is provided by the men and women of the Armed Forces.

### THE ISSUES

#### I. MILITARY RECRUITING AND RETENTION

While the intent of the original GI Bill was readjustment, the Montgomery GI Bill was designed for quite the opposite reason--to attract young men and women to the services. This bill, while initially successful, has not kept pace with the changing environment in higher education and training.

The MGIB's success is only partial because less than 50% of the 98% of all service members who enrolled in the program ever accessed their entitlement. Recent studies completed by the Commission on Servicemembers and Veterans Transition Assistance (1999); Chris Goodrich, Portland State University (1998); Washington State University (1998); Ronald Atwell, Central Florida University (1999); and John Vickroy, Weber State University (ongoing) reach conclusions that range from insufficient monetary incentives to a lack of outreach by the Department of Defense and the Department of Veterans Affairs. The lack of outreach includes a failure on the part of the services to adequately advise those soldiers, sailors, and airmen and women about the MGIB once their \$1,200 pay reduction was completed, and an inadequate performance by both in properly educating separating service members as to the benefits available to them.

These inadequacies on the part of the government agencies responsible for the administration of the MGIB is but one reason this program has had a negative impact on recruitment and, consequently, retention. Another reason the MGIB has had an adverse role in recruitment and retention is the treatment of the monetary entitlement once it is accessed by colleges and universities. As discussed below, the manipulation of the financial aid package is probably one of the highest contributing causes for a decline in recruitment.

Simply stated, veterans are disappointed and quite frankly disgruntled by the fact that their MGIB entitlement has become "a non-benefit." Many are advising their siblings not to join the military service for education benefits as, in their opinion, there are none (WSU, 1998).

## II. THE COST OF EDUCATION

In his most recent article, *The Chronicle of Higher Education*, "Students," (October 16, 1998), Ben Gose reports that the average cost of college tuition rose roughly 4% nationally in 1998. This placed the average cost of tuition at 4-year public institutions at \$3,243. Adding books, supplies, room and board, transportation, and subsistence, the minimum cost to attend college in 1998 was \$10,458. At 2-year public colleges, tuition and fees rose 4%--to \$1,633--with the total cost of attending a 2-year public institution reaching \$6,445. Four and two-year private colleges charge substantially more--averaging \$14,508 and \$7,333 respectively.

The MGIB paid less than \$4,000 in 1998 to a full-time student veteran, a deficit of \$6,500 for a veteran student attending a 4-year public institution and \$3,400 deficit for those attending 2-year public schools.

Federal financial aid, which many veterans seek to make up the difference, is paid at an average of 45/55 grant/loan ratio based on the student's total financial need. Therefore, the Montgomery GI Bill entitlement is deducted from the grant entitlement, placing the veteran at a higher loan liability than the traditional student.

This practice causes grave concern on the part of most veteran students, many of whom have indicated that the MGIB then becomes, in actuality, a "non-benefit." For the siblings and friends of veteran students, the MGIB becomes disincentive for joining the military instead of an incentive, as was intended. Many veterans have voiced this concern to their family and friends (WSU, 1998).

Publicly recognizing the obvious deficiency in the MGIB for use as a recruiting incentive, the United States Army (in a recent press release) conceded that the Montgomery GI Bill educational entitlements lag behind those of the private sector. In order to remain competitive, the US Army recently increased the levels of its "kickers" to a maximum of \$50,000. Army "kickers" are a supplement to the MGIB and are designed to give the Army veterans a competitive edge. Additionally, the Army has increased its maximum loan repayment program to \$65,000.

The report submitted to the Congress of the United States on January 14, 1999 by the 1999 Commission on Servicemembers and Veterans Transition Assistance (Commission) further illustrates a need for the MGIB to keep pace with the needs of the 21<sup>st</sup> Century. Their findings conclude: The MGIB covers a fraction of the cost of a contemporary education at an average four year college; college bound youth and their parents see a tour of military service as a detour from college plans; and a more financially attractive MGIB would enable the Nation to fully capitalize on the unique national resource of veterans' skills, training, experience, and character.

The US Department of Veterans Affairs, The GI Bill Task Force, and the Strategic Planning in Education Services released similar findings on November 16, 1998. The catalyst for this Task Force was a survey of a sampling of 2 and 4-year schools across the nation. The survey was in response to the Government Performance and Results Act of 1997. This survey further confirms the inadequacy of the buying power of the MGIB entitlement. In fact, this was the single most recurring theme, "their (veterans) resentment that their GI Bill benefits counted against them in factoring other student financial aid."

Additionally, Washington State University conducted an independent survey of graduated veterans who used their GI BILL entitlements in 1998. This survey confirmed anecdotal information about the cost of education versus the financial aid issues. The specific issue most discussed by veterans was the treatment of their MGIB entitlement as financial resource or revenue in the computation of their financial need when they applied for Student Federal Financial Aid (FFA). Most veterans surveyed felt that they received inequitable treatment after having served their country well and placed their lives in jeopardy.

To further illustrate this concern, Charles Moskos, a noted sociologist at Northwestern University, recently pointed out a major obstacle to recruitment is the substantial federal aid given college students who do not serve their country. Moskos argued that we now spend more than \$10 billion annually on grant and loan subsidies to college students, in effect, creating a GI Bill without the GI.

Finally, research conducted by Ronald Atwell, of the University of Central Florida (UCF), on the retention and graduation rates of MGIB veterans who enrolled between 1987–1997 found that financial aid had a significant impact (p. 5) on the veteran's ability to remain in school.

The study found that the 66% of veterans who received financial aid were significantly more likely to be retained beyond the first year of school (84.9% versus 75.4%). In addition, veterans who received financial aid were also much more likely to graduate (79.1% versus 62%). And, of those veterans who had not graduated, a greater percent of veterans who received financial aid were still enrolled (71% versus 53.2%) (Atwell, 1999, Unpublished Dissertation).

The Atwell research further reflected that 83.7% of the veterans (1,366) exhausted their DVA educational entitlements while attending UCF. Of that number, 64.5% terminated their attendance at that time. It was beyond the scope of that study to determine if loss of benefits was the sole reason for dropping out of school. Nor was it possible to estimate the number of veterans who would have remained until graduation, if entitlements had been available. However, research did show that 420 students did continue. Of that group, 62.5% completed their program of study and graduated. Many of these veterans received financial aid and incurred additional debt in the form of subsidized and unsubsidized loans.

Veterans also felt that an injustice had occurred when recruiters told them that they would contribute \$1,200 toward their GI Bill and receive college financial assistance. Their assistance evaporated when it was reduced from their FFA. In fact, they received less in financial assistance, fewer grants, and more loans, when the initial \$1,200 is factored into the overall formula--in essence, *the money was taken away twice*. First, their pay was reduced; second, their monetary contribution counted against them when applying for financial aid. Finally, the survey further revealed veterans' dissatisfaction with the MGIB when they learned they could have received more in college financial assistance had they not joined the armed services and served their country.

### RECOMMENDATIONS

#### Tier I:

Except as provided for in Tier II below, the authors of this White Paper support the recommendations of the *Principi Report to the Dole Commission on Servicemembers and Veterans Transition Assistance* as

it pertains to Issue I.a – Enhance the Montgomery GI Bill. These recommended enhancements would, in our opinion, enable the the MGIB to serve as a viable recruitment and retention mechanism as well as a readjustment tool.

#### **Tier II:**

1. Eliminate the requirement that the MGIB entitlement (including VA work-study) be counted in the Federal Financial Aid formula when computing resource or revenue.
2. Increase the monthly MGIB allowance to \$700 per month with annual increases equal to the annual average increase of tuition and fees for public 4-year schools as reported annually by the College Board Report. This is the most equitable way to meet today's tuition costs.
3. Provide educational benefits at a rate of one month of benefits for each month of honorable service up to a maximum of 48 months of entitlement.
4. Provide for an additional benefit allowance for veterans with dependents similar to the Chapter 34 program.
5. Members who serve four complete years of active duty should be fully vested in the MGIB. These vested members should be allowed to use their full entitlement regardless of whether they are on active duty or honorably separated or retired. We believe that this enhancement would contribute to the retention of service members.

### **III. LIFELONG LEARNING**

Professional veterans program administrators at institutions of higher learning have long known that not all veterans desire or need to pursue a degree program but would rather upgrade skill to maintain currency, become more competitive for promotion, or learn new job related technology.

Indeed, the Goodrich study, "The Montgomery G. I. Bill: Opportunity Wasted or Opportunity Waiting?" (1998), validated this perception. Goodrich concludes that traditional education may no longer be meeting the needs of many veterans. We concur with Goodrich's findings.

An additional finding by the Commission concluded that veterans are generally more mature and experienced than non-veteran high school graduates and should be the primary judge of the appropriateness of

accredited courses to their plans for the future. Veterans are not served by outdated and inflexible course approval standards that assume a quality education is offered only in a traditional classroom setting.

The restrictions currently in place for the use of the MGIB are barriers to many veterans accessing their paid into entitlements because of these limitations. The veteran, as a non-traditional student, has needs above and beyond the traditional, just out of high school, college student.

The Department of Veterans Affairs' GI Bill Task Force report, November 16, 1998, revealed that 37% of GI Bill eligibles are married, most with children. Therefore, it is very likely that the veteran student has additional financial needs not experienced by the traditional 18 to 21 year old college student. These real needs—such as child care, children's clothing, schooling, after-school activities, transportation, nutrition, and health care—are not adequately addressed, nor considered, in computing need formulas, allowances, or benefits. In fact, the FFA penalty is compounded for these veterans, which constitutes a grave disservice to those women and men who served in the armed forces to maintain the freedoms of their country and a violation of the agreements made at the time of recruitment. This lack of consideration is the reason many veterans choose not to attend school (Goodrich).

Additionally, the research conducted at UCF by Atwell, clearly demonstrated that married veterans persisted until graduation at a higher rate than did single veterans. The research also reflected that only 25% of the MGIB veterans enrolled between 1987 and 1997 were married. That percent dropped significantly when the Vietnam Era veterans were removed and only younger MGIB veterans were considered (19.5%). If representative of national trends, this would tend to support the premise that many married veterans are not enrolling in educational programs following separation from the services.

This research also provided some additional information on this subject. While the married veterans were significantly more likely to persist and graduate than did single veterans, they were not more likely to be retained beyond the first year of enrollment. This fact can be interpreted to mean that while it was more difficult for married students to start school, once enrolled beyond the first year, they tend to persist until graduation.

Public law restricting the method of delivery and types of courses a veteran may attend are antiquated. As we embark on a new century, the MGIB should be updated to meet the needs of its constituents, the veteran.

As the civilian sector increasingly relies on credentialing to regulate entry into an occupation, more than one third of separating enlisted personnel are in military occupations that have civilian equivalents with credentialing requirements, and that (the lack of) civilian credentialing can present a significant barrier to employment for transitioning personnel. Most often rather than attend a degree seeking program, their money could be better used to upgrade their already earned qualifications for their job or to earn appropriate credentials/certificates to meet civilian employment standards.

Additionally, the Goodrich study illustrates that traditional college may no longer meet the needs of veterans and that most veterans contacted (69%) are employed on a full time basis. This implies a risk factor for those veterans in separating from their jobs to seek higher education and that alternative approaches to fulfilling these needs are necessary.

### **RECOMMENDATIONS**

1. The MGIB must be changed to allow for lifelong-learning needs. We advocate for the delivery of all approved courses via technology of the day, i.e., correspondence, e-mail, Internet, video, closed and open circuit televised programming, as well as traditional classroom settings.
2. Allow for a lump sum payment for special, high cost-short term, courses leading to certification and/or licensure--for example, specialized computer courses such as NOVEL, MICROSOFT programs, real estate courses, technical and mechanical training normally offered through commercial training establishments. Payment should be made so as to not exceed six months of entitlement at one time. This would require that an agreement must be made between the DVA and the non-college course provider for courses of more than a six-month duration. The model used in the Chapter 31 program could serve this concept. Such payment should consume entitlements at the rate of one month for each \$700 paid.
3. Allow for payment of preparatory courses and testing for an examination that is required or utilized for admission to an institution of higher education to include graduate school or a specialized career field.

4. Allow veterans to pursue non-degree programs that would enhance their worth and personal growth in their profession and in the community by attending such courses that may lead to state licensure, certification in a skill, or job proficiency. For example, these courses could be real estate programs leading to an agent license, or brokers license, upgraded computer skills for job proficiency and/or promotion, etc.

#### IV. DELIMITING DATE

Currently public law requires veterans to use or lose their MGIB entitlement within 10 years following separation from the service. Ten years does not consider the lifelong-learning issues, nor does it take into consideration that many veterans seek employment following separation from the service because of immediate economic needs.

Many veterans' entitlements expire prior to completion of their degree requirements. This is attributed to a late start or insufficient amount of entitlement for their program (Atwell, 1999). Because veterans have proven to have higher graduation rates over non-veterans (WSU, August 1998; Goodrich and Atwell; and GI Bill Performance Measures Survey, September 1998) they are, therefore, better prepared for school when they do enroll; however, there are barriers to enrolling within the 10 years following military service.

As previously stated, the research study by Atwell at UCF shows that married veterans persist and graduate at higher rates, but appear to enroll at a lower percent than single veterans. The Goodrich research also supports this finding. When leaving the military, married veterans are faced with the need to find a job and provide a home and livelihood for their family. It is only at that point in time when finances are more stable and additional career enhancements or retraining for a new career does going to school become important. Unfortunately, it is at this time when the veteran finds that the educational entitlement is unavailable or the time remaining to the ten year delimiting date would not allow for program completion.

#### RECOMMENDATIONS

1. Allow veterans to use their GI Bill entitlement when and how they choose without restriction.
2. Consistent with the findings of the cited studies and of the VA Task Force, November 1998, the authors of this paper

recommend that the delimiting date be extended to 20 years (or beyond) from separation from active or selected reserve service. This would permit veteran's adequate time to complete their academic, technical, or vocational needs for employment, position upgrade, or competitive advancement based on skills upgrade. As education is a continuing, life long journey, the elimination of a delimiting date would allow the veteran to pursue education and to upgrade skills as their needs arise.

## V. TRANSFERABILITY

The issue of allowing a spouse or child the opportunity to use all or part of a veterans GI Bill entitlement has long been discussed among veteran program administrators as well as being contained in the Commission report and part of the VA Task Force recommendations.

Transferability has precedent in the VA educational arena in that Section 901, a test program of the 1980s, currently contains this provision. A veteran may either use the entitlement or transfer the entitlement to their spouse, and many have done so as substantiated by the VA records in Waco, Texas.

### RECOMMENDATION

Include a provision in public law to permit veterans to transfer their entitlement to their spouse or child(ren). We conclude that this provision would further assist with retention in that service members who may choose to serve for a career beyond four years may opt to transfer the entitlement to a spouse or child and thereby "use" their entitlement by extension.

## VI. WORK-STUDY

The VA work-study program allows veteran students to perform work for VA in return for an hourly wage. Currently, veteran students may only perform outreach services under the supervision of a VA employee, prepare and process VA paperwork, work at a VA medical facility, or other approved activities.

### RECOMMENDATION

Expand the approved activities where a veteran student may be employed as VA work-study to include academic and non-academic departments on the campus where the student has been approved to pursue

his/her degree program. Supervision can be extended to responsible department administrators. This would not only increase the opportunity for more students to participate in the work-study program, but would also allow them to gain valuable experience in their major field of study.

## VII. GUARD AND RESERVE

Following the draw down in the early 1990's, the active military forces quickly realized that they would be unable to meet operational commitments with their existing active forces. That situation has been exacerbated by continuing increases in commitments assigned by the President, and with more recent shortfalls in recruiting. For several years, the Guard and Reserve forces have been substantially supplementing the active forces in all parts of the globe and in all of their activities. Many of our reservists have been activated and have served extended active duty periods in support of our active forces at considerable sacrifice, including jobs and family. These situations have also affected Guard and Reserve recruiting and retention.

In order to increase the viability of the reserve forces, stimulate recruiting and retention, and to adequately compensate reserve members for their commitment to the country, the following are recommendations for change to the MGIB, Chapter 1606.

### RECOMMENDATIONS

1. Index Guard and Reserve benefits to Chapter 30 benefits at half-pay.
2. Accrue Chapter 30 benefits on a monthly basis, computed daily, for reservists called to active duty in support of operational commitments. Therefore, reservists who are called to active duty multiple times would accrue Chapter 30 benefits on a cumulative basis. As an example, a reservist who serves a three-month, a six-week, and a two-week active duty period would accrue approximately five months of Chapter 30 benefits. Therefore, for those five months of benefits their Chapter 1606 eligibility would be replaced with Chapter 30 eligibility.
3. Vest Chapter 1606 benefits when the six-year obligation is complete. No further active participation with the reserve component is required.

4. Discontinue the use of the Notice of Basic Eligibility (N.O.B.E.). Instead, require DOD to update the reservist's eligibility within 30 days of becoming eligible.
5. Require DOD to provide information to eligible reservists on their education benefits within 90 days of becoming eligible. We suggest this can be accomplished by the training facility upon completion of the initial active duty training.

## VIII. ADMINISTRATIVE ADJUSTMENTS

### RECOMMENDATIONS

1. Change the ruling on computation of length of term for break pay eligibility to read "8 weeks or a combination of contiguous terms to equal or exceed 8 weeks." For example, two 4 week terms; 6 week and a 4 week term; 2 week continuous terms where one term ends on Friday and the next term begins on the next following Monday.
2. Eliminate prior credit reporting requirement on enrollment certifications.

## IX. ASSESSMENT AND RESEARCH

A number of studies were cited throughout this paper to support the recommendations presented. Some of this research was supported by the DVA by that agency providing demographic and mailing information. It is understood that the DVA has funded a research project that will hopefully provide more information on the MGIB.

One of the obstacles facing researchers on the MGIB program is the inability of individuals and groups to statistically evaluate and assess the effectiveness of the MGIB program. This is especially true for studies looking at group participation as well as those attempting to determine program completion rates.

Much of the research (Goodrich and Atwell) pointed to the lack of information on eligible veterans as well as those veterans who have used the program. One area is the lack of up-to-date mailing addresses. Previous research has had to rely on mailing addresses available at the time of separation from the military.

Another problem is the lack of demographic data maintained by the DVA. Research by Atwell shows that at UCF married students persist and graduate at a much greater rate than do single veterans. However, the DVA does not track marital status and unless this information is available through other sources, replication of that aspect of the study would be impossible.

Finally, it is important to point out, that the agreed low participation rate, only reflects the percentage of those veterans who have accessed their MGIB entitlements. The data does not reflect: the number of veterans who accessed their educational entitlements and used their entire entitlement; completed their program; or, if they were veterans who preferred to use their entitlements to complete only one course. Current database information does not allow for an in-depth analysis of the entitlement usage rate.

### **RECOMMENDATIONS**

1. That Congress fund and DVA be directed to develop an on-going assessment and research program to measure the MGIB programs' success in encouraging the completion of training and education programs. This should include tracking of participation and completion rates as statistical analysis to look for areas of significance.
2. That Congress fund and DVA be directed to develop a database containing the general demographic information on veterans. In addition to the necessary identification data and MGIB status (including eligibility for programs), the database should contain as a minimum the following: birth date, marital status (to include single parent), number of dependents, mailing address and ethnic status.

### **X. ADDITIONAL AREAS OF CONCERN**

1. Because DOD is accepting non-high school graduates due to recruiting challenges, we feel that Congress must address the requirement for veterans to be high school graduates in order to access their MGIB entitlements. Every effort must be made to assist non-high school graduates to achieve a high school diploma before they are separated or released from active duty.
2. Additionally, because many institutions have implemented an open enrollment system that does not require a high school diploma, we

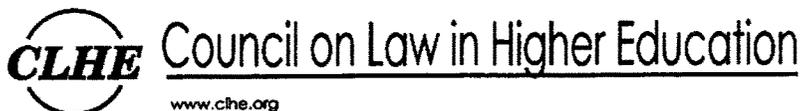
recommend that the requirement to hold a high school diploma/GED in order to be eligible for the MGIB be eliminated.

3. Under current legislation, institutions of higher learning are paid a "reporting fee" of \$7.00 for each certification reported to the DVA Regional Processing Office for confirmed enrollments and \$11.00 for advance pay certifications processed. This fee was established in 1975 to offset the cost of administration at IHLs and is woefully inadequate. We propose that the reporting fee be increased to \$50.00 per enrollment certification processed.

### CONCLUSION AND SUMMARY

The Montgomery GI Bill has not kept pace with the changing needs of the population it is intended to attract, the high school graduate. As a recruiting tool the MGIB has failed. This failure is caused by several factors; non-service related college funding, treatment of the MGIB entitlement as a resource or revenue in computing financial aid thereby negating the value of the MGIB, and the ever-increasing cost of a college education. As a retention tool, the MGIB is not flexible enough to allow the service member to transfer the entitlement to a dependent. It does not allow for job enhancement programs or professional development necessary to succeed in the world of work. A major overhaul of the MGIB is needed if the services are expected to use this program in recruitment and retention. We believe that the recommendations contained herein will provide for that end.

*Additional copies of this white paper may be obtained from the "Members Only" section of the CLHE website ([www.clhe.org](http://www.clhe.org)). To gain access to this section, please complete the following page.*



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STATEMENT FOR  
THE RECORD BY  
C. DONALD SWEENEY  
LEGISLATIVE DIRECTOR  
NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES  
BEFORE THE  
SUBCOMMITTEE ON BENEFITS  
COMMITTEE ON VETERANS AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES

MAY 20, 1999

### **Introduction**

Mr. Chairman and members of the Subcommittee, I am pleased to appear before you today on behalf of the National Association of State Approving Agencies to provide support for and discuss the provisions of H.R. 1182, H.R. 1071 and other related topics. State Approving Agencies have been an integral part of the administration of the various GI Bills since shortly after the inception of the original GI Bill in June of 1944. It has been our distinct pleasure and honor to have had the opportunity to contribute to the success of these programs. We look forward to making even greater contributions as today's primary program, the Montgomery GI Bill, is enhanced to better meet the needs of our Nation and those who faithfully serve in its defense.

State Approving Agencies (SAAs) were actively involved in the creation of the Montgomery GI Bill in 1984. We were excited by the significant improvements that the Bill offered over its predecessor and worked hard for its passage. Under the leadership of then Chairman "Sonny" Montgomery, the Bill did indeed become law and success for the new program was almost immediate. As enhancements were made throughout the late eighties and early nineties to keep the program current and viable, State Approving Agencies worked in concert with members of the administration and Congress to implement these changes. Today, State Approving Agencies continue to work in partnership with the Congress and the Department of Veterans Affairs to help achieve the purposes of the law that were established in 1984 and by subsequent legislation.

You have stated that the essence of today's hearing is the future -- and future role -- of the Montgomery GI Bill with respect to military recruitment and veterans' readjustment. You are specifically interested in comments about the provisions of H.R. 1182 and H.R. 1071. The statements that follow offer insights that we have gathered on these topics from our work with veterans, educational institutions and the military communities in our respective states.

## Analysis

As we begin our entrance into the next millennium, we find that we are at a crossroads -- the current provisions of the MGIB no longer provide a strong incentive to serve in the Armed Forces. As the testimony before this Committee indicated on April 21, 1999, America's youth do not see military service as a national duty, moreover, one of the best avenues to a successful and enjoyable career. Other federal programs with less risks, such as AmeriCorps, have been instituted by the Congress and the President. Additionally, funding for the Student Financial Aid programs that are administered by the federal Department of Education has been increased and recently the House overwhelming approved a resolution for another increase. All of these programs serve the citizens well. However, they do little to encourage our Nation's youth to select military service as a means for later entrance into a challenging and rewarding occupation or profession in the civilian sector.

Our experience with the veteran population supports this perception. Chapter 30, the active duty component of the MGIB, does not enjoy the same reputation that it earned in the 1980s. Veterans find that the benefits, although increased recently, barely cover tuition and fees at state-supported public institutions. Over the past decade, costs to attend college have escalated at a pace that nearly doubles the increases in MGIB benefits. Coupled with the fact that the majority of today's veterans are married and many have families, the only option that they have is to work full time while pursuing an education. This is an undesirable option that when attempted, proves very quickly to be a formidable task that is draining on both the body, spirit and family. Add all of this to a good economy and many veterans decide to postpone their formal education to the point where it no longer seems to be necessary, a practicable option, and/or their delimiting date catches up with them. Consequently, there is the low use of the MGIB that has been reported at a number of Congressional hearings. More importantly, there is the loss of contributions to society that would have evolved from veterans continuing their education and training.

Education and how it is offered also has changed. Current trends are emphasizing accelerated, short term and distance education programs and courses. Additionally, business and industry throughout the country now offer a substantial number of education and training opportunities. The Department of Veterans Affairs and State Approving Agencies have worked to allow the use of benefits for these types of programs and have experienced some success. However, the law and regulations need to be upgraded to permit the use of benefits for the full range of ways in which quality instruction is delivered in both the public and private sectors. These improvements will make the difference as to whether a veteran is able to experience initial and continuing success in an occupation or profession of their choosing.

All of this means that veterans are not happy with their inability to use the education and training benefits that they contributed to and earned. Veterans now tend to spread the word around to family members, friends and neighbors -- "don't go into the military thinking that you will have a great educational assistance program available to you upon discharge; it just isn't there under the basic provisions of the current GI Bill".

What about members of the Selected Reserve? Chapter 1606 benefits (although attractive at first), unless processed with a substantial financial aid package or state benefit, shape up to be much less than needed to support a sustained enrollment in an educational program. As with the Chapter 30 program, continued sacrifice and perseverance are the attributes needed by Selected Reservists to further their education. Finally, the deployment of National Guardsmen and Reservists as a part of the All Volunteer Force has placed heavier demands upon the successful employment of these personnel. An educational assistance benefits package comparable to that provided by Chapter 30 should be considered.

### **Recommendations**

It is with these beliefs and insights that we support the provisions of H.R. 1182 and H.R. 1071 with modifications and additions. The following outlines the provisions that we believe would return the competitiveness to the military in their pursuit of "the best and the brightest". The provisions, if enacted, also would help to fulfill the promises of a grateful Nation.

Four year enlistment--90% of tuition and fees, reasonable cost of books and supplies plus \$600 per month stipend

Less than 4 year enlistment--\$900 per month  
Accelerated payments--more than lump sum payment at the beginning of a term/semester; e.g., two months of earned benefits (entitlement charged accordingly) for each month of enrollment for the length of short-term programs, based on costs

Repeal \$1200 pay reduction

Provide benefits for training for Technical Occupations offered by non educational entities

Provide benefits for continuous training and retraining courses necessary to remain current or employed in an occupation or profession

Provide benefits for enrollment in Independent Study Non-College Degree courses offered by accredited institutions

Provide benefits for licensing and certification tests

Provide benefits for preparatory courses for college and graduate school entrance examinations

Remove MGIB benefits (Chapters 30 and 1606) from the formula used to determine Title IV, Federal Student Financial Aid, eligibility

Provide MGIB enrollment opportunity for certain Veterans' Educational Assistance Program participants

Provide enhanced tutorial assistance

Note: Attachment 1 provides an alternative to the major provisions of H.R. 1182 and H.R. 1071, should the Subcommittee desire an alternative recommendation.

## **Closing**

There once was a time when giving an edge to those who defend the freedoms that we all so thoroughly enjoy was the norm. We need to return to this conviction. Holding servicepersons and veterans in high esteem and providing them with the extra resources that they need to continue to be productive and contributing members of the communities of which they are a part is not only the right thing to do, but also the best thing to do. For the backbone and, I dare say, the very fabric of our democratic society is built upon the sense of responsibility, respect, loyalty and discipline that veterans bring to the work place, their families and their communities after discharge from military service. It is time to renew the viability of the GI Bill as a tool that helps to keep America strong. Strong through the efforts of young men and women who are willing to sacrifice for the common good and security of their country. Men and women who have the self-discipline, knowledge and talent to operate the sophisticated weaponry of the 21st Century. And men and women who will, when they return to the civilian world, become the leaders and builders of their communities. A strong and viable GI Bill is invaluable to achieving this goal. We encourage the leadership and members of this Committee to take a firm and aggressive stand in promoting the enactment of the provisions of H.R. 1182 and H.R. 1071.

Thank you Mr. Chairman and members of the Subcommittee for the opportunity to address you today. I would be pleased to respond to any questions that you have.

**Alternative to Major Provisions of H.R. 1182 and H.R. 1071**

(All secondary provisions would be added; e.g., accelerated payments)

**Benefits Package--Chapter 30**Basic Enlistment Package:

- a. Two Year Enlistment. Individual has pay reduced by \$1200. At the end of two years, the veteran is entitled to 24 months of benefits @ \$900 per month for a total benefit of **\$21,600**.
- b. Three Year Enlistment. Individual has pay reduced by \$1200. At the end of the three years, the veteran is entitled to 36 months of benefits @ \$900 per month for a total benefit of **\$32,400**.
- c. Four Year Enlistment. Individual has pay reduced by \$1200. At the end of four years, the veteran is entitled to 48 months of benefits @ \$900 per month for a total benefit of **\$43,200**.

Reenlistment Enhancement Package:

- a. Two or Three Year Reenlistment. Individual is entitled to either earn an additional 24 to 36 months of benefits @ \$900 per month or double the amount of the benefits already earned. This would result in the following benefits:
- (1) Two Year Reenlistment over an Original Two Year Enlistment.  
The option of:  
24 months of benefits @ \$1800 per month; or  
48 months of benefits @ \$900 per month. Total Benefit: \$43,200.
  - (2) Three Year Reenlistment over an Original Two Year Enlistment:  
The option of:  
24 months of benefits @ \$1800 per month + 12 months @ \$900 per month; or  
30 months of benefits @ \$1800 per month; or  
60 months of benefits @ \$900 per month. Total Benefit: \$54,000.
  - (3) Two Year Reenlistment over an Original Three Year Enlistment.  
The option of:  
24 months of benefits @ \$1800 per month + 12 months @ \$900 per month; or  
30 months of benefits @ \$1800 per month; or  
60 months of benefits @ \$900 per month. Total Benefit: \$54,000.

**(4) Three Year Reenlistment over an Original Three Year Enlistment**

The option of :

36 months of benefits @ \$1800 per month; or

60 months of benefits @ \$1,080 per month. Total Benefit: \$64,800.

b. Four Year Reenlistment would be computed on the same model, keeping in mind a maximum eligibility of 60 months of entitlement. The total benefits would be:

Two Year Reenlistment over an Original Four Year Enlistment: **\$64,800**Three Year Reenlistment over an Original Four Year Enlistment: **\$75,600****Benefits Package--Chapter 1606.**

The Chapter 1606 Program of the Montgomery GI Bill is based on a monthly benefit amount of \$450 for these examples.

Basic Enlistment Package

a. Six Year Enlistment. No contribution by the individual. During the six years, the Selected Reservist is entitled to 60 months of benefits @ \$450 per month for a total benefit of \$27,000.

No benefits can be used during the first 12 months. However, the Servicemember can and should use Tuition Assistance. This enables the person to build the entitlement balance which would be usable as 'accelerated payments' (e.g., two months of earned benefits for each month of enrollment, entitlement charged accordingly). Members of the Selected Reserve would have their ability to receive 'accelerated payments' limited to the current balance of their unused entitlement.

**Benefits Package--Combination of Chapters 30 and 1606.**

Chapter 30 individuals who opt not to reenlist in the active Service may join a Reserve or National Guard unit. These individuals can add the Chapter 1606 benefit package to their earned Chapter 30 benefit package.

**Applicable to Chapters 30 and 1606**--An automatic annual increase in benefits equal to no less than 75% of the increase in costs for commuter students at public four-year colleges.

## STATEMENT OF

SIDNEY DANIELS, DEPUTY DIRECTOR  
NATIONAL LEGISLATIVE SERVICE  
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE  
SUBCOMMITTEE ON BENEFITS  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

THE MONTGOMERY GI BILL AND  
THE SERVICEMEMBERS EDUCATIONAL OPPORTUNITIES ACT OF 1999

WASHINGTON, D.C.

MAY 20, 1999

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Mr. Chairman and Members of the Subcommittee on behalf of the men and women of the Veterans of Foreign Wars, I would like to express our thanks and appreciation for inviting us to participate in this very timely hearing on the GI Bill educational benefits.

I would also like to extend my organization's gratitude to the members and staff of the Commission on Servicemembers and Veterans Transition Assistance for the excellent job they did in studying and reporting on the various benefits and services accrued to servicemembers and veterans through honorable military service. Many of the Commission's recommendations for reforming and improving benefits and services, particularly as they relate to the GI Bill program, are progressive, forward reaching, and the right prescription for what ails the program as we prepare to head into the next millennium.

For today's hearing, you asked that we comment on two measures pending before this committee: H.R.1071, the "Montgomery GI Bill Improvement Act"; and H.R. 1182, the "Servicemembers Educational Opportunity Act of 1999".

The VFW believes that if enacted, both measures will adequately address the recruitment and retention concerns of military leaders and provide sufficient resources to pursue a higher education as well as assist servicemembers in making a smooth transition from the military to civilian life.

Both bills contain key provisions that would provide for payment of all (or a substantial portion of) tuition fees, and books, along with a living stipend. We welcome these provisions which are very similar to key features of the original GI Bill that was an important success for World War II veterans. The WWII GI Bill has proven itself to be one of this nation's wisest and most productive investments. Although its original intent was to prevent any serious problems of unemployment, unrest, and dissatisfaction among veterans of WWII, it actually resulted in producing the largest middle class in the world, turning this nation into an economic superpower.

In his study of "Who's Who in America", Dr. Amos Yoder said that the original GI Bill made it "possible for a sizable percentage of talented individuals to obtain a higher education, which equipped them to become leaders in our society", as well as increased our national productivity and economic strength. It is our view Mr. Chairman, that H.R. 1071 and H.R. 1182 could have the same benefit on this great nation.

Over the past year, numerous military leaders have testified before various House and Senate committees concerning difficulties they are experiencing in recruiting and retaining quality personnel. On the recruitment side, high school graduates continue to represent a prime recruitment market for replenishing the nation's military ranks. For many high school graduates, the

main attraction for joining the military has been the Montgomery GI Bill (MGIB), which has made college a more realistic goal for those who otherwise could not afford it. Furthermore, there appears to be a strong connection between the armed services' difficulties in recruiting high quality graduates and the modest payouts currently offered by the MGIB. Although the MGIB's total value was improved last year by 20% as a result of legislation sponsored by Rep. Bob Filner, the program continues to pale in comparison to funds available through other financial aid programs. We believe that the more generous benefits being proposed through the two bills now pending before the committee, will once again make the military a top choice among high school graduates searching for a way to finance their education.

Although an enhanced GI Bill would have a positive impact on the retention rate of mid-career service members, there appears to be other factors at work, which may account for current retention concerns. Some of the factors which may have a bearing on retention include a reduction in retirement benefits from 50% of pay to 40% of pay after 20 years of service, the residual fear of being downsized out of the service, too frequent deployments which detracts from family life, real or perceived pay inequities between senior NCOs and Junior Officers, as well as pay inequities between military personnel and their civilian counterparts. We believe that before the retention problem can be resolved, many of these issues must be effectively addressed.

Mr. Chairman, we strongly support provisions in H.R. 1071 and H.R. 1182 that would repeal the \$1200 pay reduction that is currently required of servicemembers who enroll in the MGIB during the first year of service. Under current MGIB rules, servicemembers who enroll in the program must agree to a pay reduction of \$100 per month for the first 12 months of service. The VFW opposed this measure when it was under consideration for adoption in 1985 and we continue to oppose it. We believe that the pay reduction provisions places an unnecessary financial strain on young servicemembers, who during the first year of military service, are least able to afford such a hefty obligation on their salary.

The accelerated payment provision found in H.R. 1071 is sorely needed and of particular value to the many veteran GI Bill recipients who pursue course work through providers that require lump sum payment up front, prior to beginning coursework. Under current guidelines, the VA does not have authority to accelerate payments in order to accommodate such coursework. Consequently, the veteran must either come up with the money from other sources or forego the planned course of study. In addition to supporting legislation, which would provide for accelerated payments, we also favor giving the VA the flexibility to make future changes in educational assistance payments to veterans, without having to seek further authority.

Mr. Chairman, we endorse the concepts embodied in H.R. 1071 and H.R. 1182 and will work with the Subcommittee to achieve passage of these measures.

This concludes my remarks. I will be pleased to respond to any questions you may have.



***Vietnam Veterans of America***

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*A Not-For-Profit Veterans Service Organization Chartered by the United States Congress*

**Statement of**  
**VIETNAM VETERANS OF AMERICA**

**Submitted by**  
**William T. Frasure**  
**Deputy Director of Government Relations**

**Before the**  
**House Veterans Affairs Subcommittee on Benefits**

**Regarding**  
**H.R. 1071 the Montgomery GI Bill Improvements Act of 1999**  
**May 20, 1999**

Mr. Chairman and distinguished members of the subcommittee on Benefits, the Vietnam Veterans of America (VVA) appreciates this chance to publicly comment on today's Montgomery GI Bill (MGIB) and its future. This subject is of the utmost importance to VVA, yet more importantly, the GI Bill is of great concern to today's soldiers and tomorrow's veterans, many of whom are in high school right now.

With such a powerful economy and the advent of super technology, high school seniors have an abundance of opportunities such as this nation has never seen the likes of. These variables, coupled with a modern and pervasive societal temperament that discourages military service, serve to make the military the last option considered by today's youth.

The GI Bill is marketed toward these youth. It is portrayed through mass advertising in such a skewed light that there is a common perception, albeit mistaken, among the general public that the GI Bill will send a veteran through 4 years of college. The truth is a far different reality. Today's GI Bill will pay on average a little more than one fourth the amount of 4 years expenses at a state university at in-state costs. Long gone are the days of former infantrymen walking the halls of Yale and Stanford. The fact that *qualified* veterans are by and large excluded, due to their economic stations in life, from the top, prestigious institutions that churn out tomorrow's leaders, is not only detrimental to veterans, but it is a real blow to this nation.

The VVA sincerely believes that the time has come for a serious overhaul of the existing MGIB. A truly substantial GI Bill is one benefit that will, in turn, benefit this nation for generations to come. There is widespread consensus among many entities that a change is in demand. The Congressional Commission on Service Members and Veterans Transition Assistance firmly makes the suggestion that a GI Bill ought to be developed that will pay a qualified veteran's way through any college in the country, be it Amherst or a local community college.

The Senate Armed Services Committee has roundly endorsed an initiative to bolster the Montgomery GI Bill, the full Senate has approved this initiative. All of the Military Service Chiefs, along with the Secretary of Defense have testified that educational benefits need to be significantly enhanced in order for the services to meet recruiting requirements. The recruiting problem faced by our armed forces speaks volumes about the inefficacy of the MGIB.

Above all, a young potential recruit wants to be certain that if he volunteers for the military, that his service will not render him "behind the 8 ball" in regards to his employability and educational advancement. Unfortunately, too many young veterans today question in all practicality why they bothered to volunteer for the military. Most veterans who attend college, find themselves taking out loans and working many hours to pay for their school. Taking out loans and working is indeed honorable and is the way most students today pay for school, yet it is the same exact position one would be in had one decided not to volunteer for the military. In practical terms, this renders the veteran's time spent in the military a waste. Too many young veterans are simply four years behind their peers who did not volunteer for the military.

A recent 20% increase in the GI Bill benefit was a step in the right direction, and VVA appreciates this effort put forth by this subcommittee and the House Veterans Affairs Committee. This veterans' educational benefit, however, is still in need of further refinements and reforms, not all of them of a financial matter. There are some administrative quirks regarding the actual implementation of the GI Bill that need to be addressed as well. There are certain restrictions which are now outdated and serve only as a hindrance toward the legitimate usage of the GI Bill by a veteran.

**Some of the restrictions placed on the usage of the GI Bill include:**

- 1) The GI Bill is not available to veterans and/or active duty members who have not completed their GED by the end of their first enlistment. While perhaps this restriction was intended to serve as a catalyst to spur one on to quickly complete one's GED, it is still a patently unfair restriction. It is highly discriminatory toward those in the combat

arms, who due to the nature of their military occupation simply may not have the time or the access to classes to complete a GED in a timely manner. Due to the rapid increase in deployments during this decade, this restriction has become even more cumbersome.

Lastly, VVA queries why a veteran or second enlistment active duty member cannot use the GI Bill toward obtaining a GED?

- 2) A number of Vietnam-era veterans are denied the Montgomery GI Bill due to current law that states that a Vietnam era veteran could enroll in the MGIB by providing three years of continuous active duty between July 1, 1985 and June 30, 1988. Many Vietnam-era veterans had a break in service during these particular three years but did go on to serve three continuous years of service at some time after enactment of the MGIB. They are excluded from the MGIB, however, because their three continuous years did not fit in the prescribed time window. VVA believes these veterans deserve MGIB benefits just as other veterans, who served during the same time period but do receive the educational benefit.

Again, VVA strongly supports the recommendations made by the Transition Commission in regards to improvements of veterans education benefits, in particular, the GI Bill. There are three current and pending pieces of legislation that incorporate the Transition Commission's recommendations in varying forms. VVA supports S.4, H.R. 1071, and H.R. 1182. Any one of these individual bills would make a significant improvement to the current MGIB.

Without placing a preference on any one bill, the VVA believes any enacted legislation concerning the GI Bill should do the following:

*Greatly enhance the financial benefit* - In recent times the Congress and the Administration has been placing quite a priority on education, at both the secondary and post-secondary levels. Policy makers are in search of "programs that work." Congress has stated its intent to increase the Pell Grant and to increase the amount of funding for student-aid programs. VVA lauds this commitment to education and suggests to the Congress that the GI Bill is indeed one program that definitely works. Much ado has been recently made about the overwhelming success of the World War II GI Bill that churned out thousands of professional leaders across the nation in an array of critical fields. This was a program that paid for itself as the taxes paid out by these veteran leaders far exceeded the cost of their GI Bill benefit. There is no debate that the nation receives a vast and immeasurable return on the investment of veterans' education. VVA is miffed that despite this fact, the veterans education benefit has been downright neglected for the past twenty years.

The past two decades have seen substantial and generous increases in student aid for varying groups of the American population. Veterans have been on the bottom of the pile, even though veterans are one group that make a serious contribution to the welfare of this nation before they receive an education benefit. Congress should be reminded that the demographics and dynamics of today's enlisted ranks has not really changed with the all-volunteer force. It is still the sons and daughters of the middle and lower class families that bear the brunt of this nation's defense. At one time, this nation and its government appreciated such a sacrifice made by these fine American citizens enough to make a real investment in their futures. The benefit paid under today's GI Bill is of such a non-consequential sum that less than 40% of eligible participants even use it. Far too many young veterans leave the service knowing full well that their economic station and employability will not be improved by their military service. VVA finds this unacceptable and urges the Congress and the Administration to make a veteran's education a priority of this nation once again.

VVA supports a veterans education benefit that pays for full tuition, books and supplies at any college that a veteran qualifies for. Furthermore, the future GI Bill "package" should include a monthly subsistence allowance as it once did. President Clinton has often repeated that two years of college is becoming and will be the standard level of education for the American worker. Veterans deserve a GI Bill that will at a minimum, put them on par with their non-veteran peers.

Link increases in amount of GI Bill to increase in the Cost of Education - Former veterans education benefits used increases in the cost of education to increase the sum of the benefit. The MGIB uses the consumer price index (CPI). The CPI is approximately 5% to 8% less than the actual rise in education costs. The MGIB is a veterans education benefit and therefore should be indexed to the increases in the cost of education rather than the CPI.

Eliminate the active duty member's financial contribution - The MGIB is the *only* federal education benefit that requires a financial payment by the participant. Former Chairman Sonny Montgomery did not include in the original form of the MGIB any monetary contribution. A monetary contribution was simply not foreseen, as one's service to the nation was correctly viewed as an appropriate down payment. This contribution needs to be eliminated. Again, why should a potential recruit opt for military service and the MGIB when there is other, more effective financial aid that does not require a three or four year commitment to military service?

Restructure the payment schedule of benefit payments - Currently, a veteran attending college receives his MGIB in monthly installments. This is a major problem since most colleges require that tuition be paid up front, before the start of a semester. This requirement too often influences young veterans to decide not to attend school. If one has spent the past three or four years in foxholes and tanks, one usually does not have the kind of money to pay up front tuition for college, most especially this nation's private institutions. VVA urges Congress to give immediate authority to the VA to pay accelerated, lump sum payments to the veteran, if this is required by the veteran's school. Furthermore, veterans should be able to withdraw from their total MGIB allotment when the cost of a particular course exceeds that which is paid out for a short-term course. Veterans also need a GI Bill of flexibility and utility.

Ability to transfer unused benefit to dependents or spouse - VVA believes this amendment would primarily be used by veterans who have served a career in the armed forces. Today, most career military members complete some form of education prior to their leaving the service. At the same time, many recent retirees leave the service with children of college age but due to a limited income, do not have the money to pay for a child's college education. VVA believes that all eligible veterans who have or are committed to more than twelve years of service should have the option of transferring their education benefit to a dependent or spouse. A veteran should have legal and sole control of the transferrability option to avoid this benefit being a part of a divorce proceeding in court.

A subsistence allowance - VVA agrees with the Transition Commission's recommendation that a veteran attending school should receive a basic subsistence allowance. Such an allowance would let the veteran concentrate more fully on studies, and help the veteran complete college in a timely manner. This benefit would especially help the many young veterans with families. As with the MGIB, this benefit should be indexed for inflation.

Amend the delimiting date - Currently, MGIB recipients have a ten year time frame in which they must use the benefit. This time frame is an obstacle to older veterans, who often simply cannot attend school until at least a few years out of service due to family situations and such. VVA urges Congress to amend this delimiting date by modifying the delimiting date to 10 years from date of first use to a limit of 15 years from date of last separation.

Mr. Chairman, the VVA urges you to urge the Congress to restore the GI Bill to its past efficacy. VVA is fully aware of monetary and budgetary restraints placed on Congress's spending ability. VVA would like to again remind the Congress, that a new, improved GI Bill is not just money being spent, but is a *national investment* in this nation's future infrastructure.

The all volunteer force has created a chasm between veterans and the public and young veterans and their non-veteran peers. It is time to close this chasm. It is time for veterans once again to assume positions of leadership in policy making circles, in the business world, and in academia. These veterans are a national resource; they are natural leaders. The government should make full use of this resource and provide the best financial aid possible to veterans. American citizens join

**Vietnam Veterans of America**

**Subcommittee on Benefits May 20, 1999**

the military expecting this sacrifice to eventually improve their economic station and employment prospects. Indeed, their sacrifice merits them a positive future marked by the best possible education.



***Vietnam Veterans of America***

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*A Not-For-Profit Veterans Service Organization Chartered by the United States Congress*

**VIETNAM VETERANS OF AMERICA**  
**Funding Statement**  
**May 20, 1999**

The national organization Vietnam Veterans of America (VVA) is a non-profit veterans membership organization registered as a 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

VVA is not currently in receipt of any federal grant or contract, other than the routine allocation of office space and associated resources in VA Regional Offices for outreach and direct services through its Veterans Benefits Program (Service Representatives). This is also true of the previous two fiscal years.

For Further Information, Contact:  
Director of Government Relations  
Vietnam Veterans of America.  
(202) 628-2700, extension 127



Statement of

Peter Gaytan  
AMVETS Legislative Director

**S**ERVING  
WITH  
PRIDE

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for the  
House Veterans Affairs  
Subcommittee on Benefits  
HR 1071, HR 1182



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Thursday, May 20, 1999  
334 Cannon

**A M V E T S**

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Mr. Chairman, I am Peter Gaytan, national legislative director for AMVETS. We appreciate the opportunity to provide testimony to the House Veterans Affairs Subcommittee on Benefits regarding improvements to the Montgomery GI Bill. Neither AMVETS nor myself have been the recipient of any federal grants or contracts during FY-99 or the previous two years.

At a time where recruiting and retention are a main concern in our military, it is imperative that military benefits and incentives are secured and in cases such as the GI Bill, adjusted to meet the needs of today's servicemember and potential recruit. The provisions in H.R. 1071 and H.R. 1182 are a solid attempt to meet those needs.

As a veteran who has taken full advantage of the Montgomery GI Bill, I can assure you that this benefit was a determining factor in my decision to serve in the U.S Air Force. My college education, and ultimately my career ambitions, would have been virtually unattainable if it were not for the educational opportunities afforded me through the GI Bill. Although the GI Bill does indeed attract quality recruits to the Armed Forces, there is a real need for updating the provisions of the bill to meet the rising costs of education.

As Chairman Stump pointed out in his remarks regarding the Servicemembers Educational Opportunity Act of 1999, the existing GI Bill falls short by more than \$6,000 annually in paying tuition, room and board, fees, books, and transportation at public institutions, and more than \$15,000 at private institutions. AMVETS agrees with the Chairman that "veterans deserve better".

As newly discharged veterans begin to take advantage of their earned educational benefits, the high cost of enrollment and start-up fees is often a deterrent. The accelerated payment plan outlined in H.R. 1071 will serve as a key benefit for those who may be struggling to meet the initial cost of enrolling in college.

Strengthening the Montgomery GI Bill has long been an initiative of AMVETS. We are part of a joint taskforce formed by several veterans' service organizations to examine the elements of the existing GI Bill and consider the changes that need to be made. AMVETS, in coordination with this taskforce has identified several provisions of the existing GI BILL which require improvement in order for the bill to remain a true benefit to servicemembers. Changes that must be made are:

- The amount paid to participants should be increased to include payment of the full cost of tuition, fees, books and supplies to qualifying veterans, or pay a benefit similar to benefits under the Educational Assistance Test Program (Section 901 of Chapter 107, Title 10) created in 1981, current value equating to \$1100 monthly.
- Remove the inequities and artificial barriers in current law and create an equitable relief provision (e.g. restrictions due to a break in service, level of education, ROTC or service academy experience, Reserve or National Guard service).
- Eliminate the \$1200 contribution requirement.
- Pay qualifying veterans a subsistence allowance of \$600 per month. Automatically index the allowance to education inflation and specify that the allowance will not be counted as income for determining eligibility for other federal education loans and grants.
- Authorize veterans 10 years from date of first use of benefit not to exceed 15 years from date of last separation from military service.
- Authorize universal transfer of unused benefits to the spouse and/or dependent child/children of the veteran with the transferability at the sole discretion of the veteran beneficiary.

AMVETS strongly supports the enhancement of the Montgomery GI Bill. On the agenda for AMVETS annual convention this year is a resolution calling for the elimination of the \$1,200 contribution requirement by servicemen and women and the authorization of the transferability of the educational benefit.

Americans today should be deeply concerned by the news that the military services are losing qualified people and are failing to meet recruitment goals. Maintaining a well-trained, fully capable military force is as important as ever. Enhancing the Montgomery GI Bill will help ensure that the U.S. Armed Forces continue to recruit and retain the most qualified candidates for military service.

In addition to serving as a highly effective recruiting tool, an enhanced GI Bill would provide America's veterans an alternative means of financing their education. Military service would no longer be viewed as an obstacle to earning a college education, but as a means of guaranteeing it.

In closing, AMVETS recognizes that H.R. 1071 and H.R. 1182 both contain provisions that either meet or exceed the recommendations reached by the taskforce. It is now our shared responsibility to see that these bills reach full approval in Congress.

Mr. Chairman, we commend the Committee on their continuing efforts to secure benefits for our nation's veterans, and we look forward to working with you in the future. Thank you.

**MATTHEW L. PUGLISI**  
**ASSISTANT DIRECTOR**  
**NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION**  
**THE AMERICAN LEGION**  
**BEFORE THE**  
**SUBCOMMITTEE ON BENEFITS**  
**COMMITTEE ON VETERANS AFFAIRS**  
**UNITED STATES HOUSE OF REPRESENTATIVES**

MAY 20, 1999

Mr. Chairman and distinguished members of the Subcommittee:

Thank you for providing The American Legion the opportunity to participate in today's hearing regarding the future role of the Montgomery GI Bill (MGIB) with respect to military recruitment and veterans' readjustment. The American Legion commends you for holding this hearing on a program near and dear to its heart, one conceived and made real by Legionnaires in 1944. It is also, more importantly, a program that literally changed America for the better as no other social program since the Homestead Act. We are encouraged that not one, but *two* excellent bills are before the subcommittee. Both would dramatically improve the effectiveness of the MGIB as a recruiting tool and a transition assistance program for servicemembers separating from the military. We request that you and your colleagues take advantage of this opportunity and produce a bill that wins passage and returns the GI Bill to its once great stature.

### **Background**

Societies have often rewarded their citizens for faithful military service since antiquity. Ancient Rome rewarded her military veterans with a plot of land, a cash payment and citizenship after 20 years of service. Switzerland, even today, makes the performance of military service a condition, for males, for possessing the right to vote. France offers citizenship to Foreign Legionnaires who successfully complete a five year enlistment (Keegan, 1993). These benefits share something in common: they are earned, not hand-outs; and they empower the recipient to better themselves.

After World War I, America ignored the practices developed by ancient and more modern societies. She offered pitiful benefits to veterans from "The War to End All Wars." Left to make their way after a few years of military service, these veterans of World War I were soon confronted by the nation's economic collapse.

The United States was all too soon back at war, and in American Legion posts across the country Legionnaires discussed the hardships they had faced after World War I. They promptly agreed that what they wanted most after the First World War was an opportunity to better themselves. They resolved that the Americans then fighting around the world would not return and struggle after World War II.

The outcome of those talks in Legion posts was action, and The American Legion soon led the effort to develop a readjustment plan for World War II veterans. Henry Colmery, the National Commander in 1936, wrote a draft bill in January 1944 in room 570 of the Mayflower Hotel. It was soon introduced in Congress as the Servicemen's Readjustment Act of 1944. The American Legion soon coined it the GI Bill of Rights, and it was signed into law on June 22, 1944.

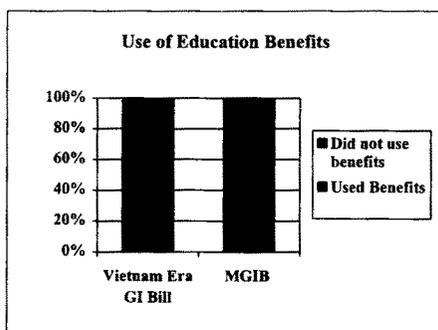
The original GI Bill was not just an education bill. Not only did it pay the full costs of tuition for college or vocational training, it also provided a monthly stipend as a living allowance. It provided loan guarantees to help veterans buy homes, farms or small businesses. It required the prompt settlement of veterans' claims, and the review of military discharges. It was a comprehensive plan, not for the government to hold veterans' hands, but for government to open doors. It was up to the veterans to walk through them. But the original GI Bill was even more than that.

In 1946, 9,387,307 men and women were released from active military service. America had never experienced a year in which so many Americans ended their jobs. The GI Bill literally prevented a national catastrophe, one easily imagined so soon after the Great Depression. Along the way it helped create 450,000 engineers, 180,000 physicians, dentists and nurses, 107,000 attorneys, 500,000 electrical workers and millions of other skilled and professional workers (The American Legion, 1980). A tidal wave of men and women returned from the war, improved themselves, and propelled the United States to superpower status less than a decade after its deepest depression. The GI Bill was not merely some simple "thank you," or a measure adopted to prevent a crisis of unemployment. It transformed America, and is rightly recognized as the greatest social program in our history since the Homestead Act of 1862.

### **The GI Bill Today**

GI Bill benefits were less generous for Korean and Vietnam veterans, and these benefits were consequently utilized less and less often. By 1996, MGIB benefits fell short by \$6,007 in paying tuition, room and board, fees, books and transportation at public institutions, and \$15,251 at private institutions (House Veterans Affairs Committee). Utilization of the program has consequently dropped to historic lows (see Table 1). The MGIB is a fine program, but it is a pale shadow of the original GI Bill in its sweep and scope.

**Table 1: Use of Education Benefits by Selected War Era**



### **GI Bill as a Recruiting Tool**

The original GI Bill was never conceived as a recruiting tool for the military services. The MGIB, however, was viewed as a recruiting tool from its inception, and the services have used it as a marketing tool ever since. The end of the Cold War, and the shrinking population of young Americans, among other things, have dealt military recruiting a severe blow. This past calendar year the Army, Navy and Air Force fell short in their recruiting goals by 8,341 (Department of Defense, 1999). This translates into decreased readiness, and increased strains on our servicemembers. The operational tempo, or "Op Tempo," has dramatically quickened in the 1990s as policy makers added more commitments and missions to the Armed Forces. If the recruiting shortfall continues unabated, a true readiness crisis may occur.

### **Military Service is the Highest Service**

Since the 1960s the federal government has made it easier and easier for Americans to attend college. Access to federal grants and guaranteed loans is not earned by any service, by only through citizenship or residency. The Clinton Administration has added another program to this trend with its "AmeriCorps" program. Education grants, assistance with student loan repayment, health

insurance, child care, and relocation expenses are available to young Americans who participate in the program. The American Legion does not begrudge the widening availability of educational opportunities for America's youth over the last four decades. Nor do we shun volunteer community work. Indeed, one of our founding principles is service to youth, and we are a grass-roots community based organization. However, these programs beg the question: what then is so special about veterans benefits? They also apparently cause too many young Americans to ask another question: why serve in the armed forces? If the benefits of service do not outweigh the costs, then recruiting shortfalls are likely to continue. Patriotism is alive and well in America, but with no national emergency we should not expect our young people to line up for military service when so many other opportunities await them.

### **American Legion Resolutions**

The American Legion has adopted several resolutions that speak to modern benefits for transitioning servicemembers. They can be summed up as follows:

- The honorable nature of military service should be upheld as it not only represents fulfillment of American patriotic obligation, but is also a privilege and responsibility that embodies the highest form of service to the nation. This statement recognizes that the costs of military service are great, and the rewards should be appropriate given the sacrifices involved. It also recognizes that since military service is so special, the benefits of service should be so as well.
- Active servicemembers and involuntarily mobilized members of the National Guard and Reserves should be offered the same benefits. Since the "Total Force" concept came into vogue, the Armed Forces have become incapable of carrying out major deployments and operations without mobilizing members of the reserve component. If servicemembers during World War II who never left the United States were eligible for the same benefits as someone who landed in Normandy, why should an Air National Guard pilot dodging surface-to-air missiles over Kosovo get fewer benefits than an administration clerk at Fort Bragg? If every component is part of the Total Force, then everyone serving in a contingency should be eligible for the same benefits.
- Annual Cost of Living Adjustments (COLA) for education benefits should be implemented. In spite of the moderate inflation we have experienced since the MGIB was born, college tuition has increased at a staggering pace. Annual COLA adjustments should help remedy this shortfall somewhat.
- Servicemembers should have the ability to use MGIB benefits for pre-service college debt repayment. A great many high school graduates attend college after high school. Many take out loans to pay for college. Not all of them complete college, and many enlist in the military (Department of Defense, 1999). These individuals may very well return to college after their service with enhanced GI Bill benefits available to them. What they need as well is assistance in the repayment of their outstanding student loans.

**Table 2: Comparison of Enhanced Education Benefits Contained in H.R. 1071, H.R. 1182 and the Report of the Transition Commission**

**Four Years of Service**

Key Provisions	Transition Commission	H.R. 1071	H.R. 1182
Tuition, books, fees & supplies	Paid in full	Paid in full	90 percent
Monthly subsistence allowance for 36 months (4 school years)	\$400 per month, or proportional amount for less than full-time	\$800 per month, or proportional amount for less than full-time	\$600 per month, or proportional amount for less than full-time
Subsistence allowance not counted as income	Yes	Yes	Yes
Payroll deduction	eliminated	eliminated	eliminated
Transfer benefit to spouse/children	Yes	N/A	N/A
VEAP conversion to MGIB	Yes	Yes	N/A
Enhancement of approval process	Yes	N/A	N/A
Streamline monthly certification process	Yes	N/A	N/A
MGIB benefits for license and certification fees	N/A	Yes	N/A
MGIB benefits for college entrance exams	N/A	Yes	N/A
H.S. Graduate requirement waived	N/A	Yes	N/A

**Less than Four Years of Service**

	Transition Commission	H.R. 1071	H.R. 1182
MGIB basic benefit	\$600 per month	\$900 per month	N/A
Payroll deduction	Eliminated	Eliminated	N/A
Trainee lump sum	\$900	\$900	N/A

**Analysis of Enhanced Education Benefits Contained in H.R. 1071, H.R. 1182 and the Report of the Transition Commission**

**Strengths**

The proposals contained in H.R. 1071, H.R. 1182 and the Transition Commission Report are dramatic improvements over the current benefits available under the MGIB. All view GI Bill benefits as not only transition benefits, but a recruiting tool as well. This modern view of GI Bill benefits can only be validated by dramatically increasing the benefits, as they all do. As a transition assistance program, the current MGIB falls short in light of how little of actual college costs it currently covers. Table 1 displays this shortcoming all too well. As a recruiting tool for the Armed Services, it is lacking as well. As mentioned earlier, unless these benefits become truly special in relation to other education benefits available to all young Americans, then those benefits will not attract young Americans to consider military

service. In light of the recruiting shortfalls the services have experienced since last year, the costs of this shortfall in the MGIB have become all too evident.

As the table above displays, the three proposals differ in scope and cost. We must emphasize that all three substantially, and appropriately, increase MGIB benefits. There's a high end, and a low end, among the three. In our judgement, there is plenty of room to compromise.

The two bills differ in how much tuition they will pay for. H.R. 1182 would pay for 90 percent of tuition, whereas H.R. 1071 would pay the full costs of tuition. Will there be great cost savings by not paying ten percent of tuition costs? It seems an easy point of compromise to ensure that all the tuition costs are paid under an enhanced MGIB. The benefit becomes more credible, and it would accomplish its two goals more effectively: transition assistance and enhanced recruiting. For the former, paying less than the full costs of tuition clearly undermines one's transition if one must take out student loans. For the latter, it would appear to be a great marketing tool for recruiters if they could just simply (and honestly) state to potential recruits that "college is on Uncle Sam" after they complete their enlistment.

As strong as the two bills are, there are nevertheless some benefits that they do not presently address.

#### **Limitations**

Since the realization of the Total Force concept at the Department of Defense, the Reserve Component has played a vital role in all our major deployments and conflicts in the 1990s. It is a well known fact that without these forces the Armed Forces would have been unable to carry out these missions without undermining our national security. Forward deployed forces in Asia, for instance, remained in place during Operations Desert Shield and Desert Storm due to the mobilization of the Reserve Component in 1990-91. In light of this, it seems only appropriate that members of the National Guard and Reserves who are involuntarily mobilized should have access to the same MGIB benefits as those active duty servicemembers serving along side them.

Young Americans who serve in the AmeriCorps program have access to healthcare benefits, yet most transitioning servicemembers do not. In an odd twist, the healthier and more honorable one's service, the less likely one is to have access to healthcare benefits. It is, therefore, appropriate that Congress move quickly to implement the provisions of The American Legion's GI Bill of Health. Such implementation would bring AmeriCorps benefits and MGIB benefits more in line with each other. Such action would further achieve the goals of effective transition assistance and enhanced recruiting.

Although a great many high school graduates go immediately on to college, millions do not earn a bachelor's degree. Some enlist in the military, and bring with them student loan debts. It would, therefore, be appropriate for such individuals to be able to use their MGIB benefits to pay off that student debt, in our view.

Lastly, in times of military conflict, and in peacetime, military service is an inherently risky undertaking. The survivors' benefits we currently offer in the United States do not allow widowed spouses and children to substantially better themselves, but merely to carry on. Surviving spouses and their children should not face poverty or meager standards of living. They do not want handouts, but opportunities in the aftermath of tragedy. It would be fitting that the benefits offered to their deceased family member who died in the line of duty should be transferred to them. America should invest in families who pay such a huge price for our freedoms, not neglect them.

The American Legion, although impressed with both bills, is very concerned about the risk of no enhanced MGIB proposal passing Congress this year.

**Conclusion**

This opportunity will not likely present itself again. In 1991, in the wake of the Gulf War, The American Legion proposed a GI Bill for Gulf War veterans. The economic and budgetary conditions then were very unlike the ones we enjoy today. The proposal, as we all know, failed to generate enough support in Congress.

With the economy in a state only imagined in the wildest dreams of economists, and the federal government collecting more money in taxes than it spends, the time is ripe to energize the MGIB. The two proposals before the committee, although so similar, are offered in an atmosphere that one cannot describe as altogether collegial. We therefore request that the members reach an appropriate compromise for the sake of our young men and women in uniform.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions.

**STATEMENT OF  
HARLEY THOMAS, ASSOCIATE LEGISLATIVE DIRECTOR  
PARALYZED VETERANS OF AMERICA  
BEFORE THE  
SUBCOMMITTEE ON BENEFITS  
OF THE  
HOUSE COMMITTEE ON VETERANS' AFFAIRS  
CONCERNING THE  
"MONTGOMERY GI BILL IMPROVEMENTS ACT OF 1999"  
AND THE  
"SERVICE-MEMBERS EDUCATIONAL OPPORTUNITIES ACT OF 1999"  
MAY 20, 1999**

Chairman Quinn, Ranking Democratic Member Filner, Members of the Subcommittee, on behalf of the Paralyzed Veterans of America (PVA), I appreciate this opportunity to testify regarding the future roll of the Montgomery GI Bill (MGIB), with respect to military recruitment and veterans' readjustment following discharge from active duty.

At a time when our Nation is at risk because the Military Services are not meeting their recruiting and retention requirements, an enhanced and properly structured education benefit would be a powerful incentive for high-quality college-bound high school graduates to consider military service as a path to higher education.

According to the Veterans Transition Assistance Commission, benefits and services under the existing MGIB have become so outdated, and program management so ineffective that they break faith with those who served, and currently serve, their Nation in uniform. Without a military draft, the security of the United States depends upon the ability of our Armed Forces to

recruit large numbers of highly qualified volunteers to operate the increasingly complex technology and conduct the rigorous operations required for national defense in the next century. The intent of the MGIB was to give the Armed Forces a tool to recruit and retain quality men and women to serve our Nation in uniform. The current benefits available under the MGIB no longer accomplish this goal because of the changes in our Nation since its enactment. Of the service-members who, unlike their non-veteran counterparts, forego \$1,200 in pay and sacrifice years of their lives to earn education benefits, fewer than half are able to further their education. This is due in part to the ever-growing disparity between the education benefit and college costs after they leave active duty. The average costs of a college education, have quadrupled in the last 20 years, growing nearly twice as fast as inflation.

By enhancing the MGIB to cover the full costs of tuition, fees, books, and supplies along with providing a reasonable subsistence allowance indexed for inflation will bring the MGIB into the 21st century and help to create a "real" GI Bill. In addition, the elimination of the \$1,200 basic pay reduction is a must. This enhanced MGIB would create a powerful recruitment and retention tool for all branches of the military for those individuals who complete 48 months of honorable active duty.

Today, almost all service-members are high school graduates. Almost 60 percent are married, and many have children. Approximately one service-member in six is now a woman. The challenges facing recruitment and retention of quality members of the armed services is more complex than at any time in our history. In the 21st century our Nation must fulfill its moral obligation to those who commit themselves to our defense, and, in turn, capitalize on our investment in their training and development. Congress must enact legislation that ensures:

- Members of the armed services transitioning to civilian life with a means and opportunity to succeed in their civilian lives and to invest in their talent and ability in the American economy.
- Meet their needs resulting from the special conditions of military service.
- Support the Nation's ability to raise and maintain effective forces.
- Allow veterans up to 10 years from the date of separation to use this education benefit.

It is essential that the Armed Forces provide better assistance to member's transitioning from active duty. It is absolutely unacceptable that the unemployment rate for newly separated veterans, men and women who are dedicated, mature, skilled, trained, disciplined, exceeds that of non-veterans the same age by over 20 percent. Additionally all Veterans who are newly separated, disabled, or burdened with a barrier to employment should be given priority for all federally funded employment and training programs for which they qualify. Veterans who are disabled as a result of injuries or illnesses incurred or aggravated while on active duty represent an absolute obligation for the Nation. Existing programs intended to enable these veterans to secure employment have proven ineffective in achieving this goal.

In conclusion, PVA believes that enhancement of a true GI Bill will serve the interest of the men and women in our Armed Forces, our country, and the taxpayers. If our Nation is to keep faith with the men and women who defend our freedom, we must make the proper investment in them while they serve. Improved transition and readjustment to civilian life and increased opportunities to succeed in civilian life are absolutely necessary. By capitalizing on the unique economic and human resources that former service members represent, by increasing efficiency in the use of scarce taxpayer dollars, and, at the same time, by making military service more attractive the Military Services will be able to attract and retain individuals of the highest caliber needed to preserve peace throughout the world.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions you or members of the committee may have.



**Non Commissioned Officers Association of the United States of America**

225 N. Washington Street • Alexandria, Virginia 22314 • Telephone (703) 549-0311

**STATEMENT OF**

**LARRY D. RHEA**

**DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS**

**BEFORE THE**

**SUBCOMMITTEE ON BENEFITS**

**COMMITTEE ON VETERANS AFFAIRS**

**U.S. HOUSE OF REPRESENTATIVES**

**ON THE**

**VETERANS' EDUCATION BENEFIT**

**MAY 20, 1999**

**DISCLOSURE OF FEDERAL GRANTS AND CONTRACTS**

**The Non Commissioned Officers Association of the USA (NCOA) does not currently receive, nor has the Association ever received, any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.**

Good morning Mr. Chairman, and distinguished members of the Subcommittee on Benefits.

The Non Commissioned Officers Association of the USA (NCOA) welcomes the opportunity, afforded by this hearing, to comment on a subject that commands a high priority among our legislative goals and is of paramount importance to the non commissioned and petty officers of this Association. Throughout the Association's history, the veterans education benefit has been one of NCOA's top priorities, and the Association is proud to have played a key and forceful role in the creation of the Montgomery GI Bill.

NCOA is equally proud to be here today at a time when dramatic reform of the veteran education benefit is being contemplated. The Association sincerely hopes that our testimony will be beneficial to the Subcommittee. NCOA pledges its full support to our mutually shared goal, that of providing veterans with an educational benefit that is worthy of the service they have given to the Nation and that will truly enhance their ability to pursue their higher education aspirations.

#### Reform and Improvements Are Needed

Mr. Chairman and Distinguished Members, there is now near universal agreement that the veteran education benefit is in need of reform and further improvement. That statement is intended in no way to diminish the Association's appreciation for the improvements made to the education benefit in the last two years, improvements that are a credit to the members of this Subcommittee and the House Veterans Affairs Committee. NCOA is sincerely grateful for the enhancements enacted last year, particularly for the increase of 20% in the basic entitlement.

As the Distinguished Chairman and Members of the Subcommittee know, this Association has been advocating major improvements in this important benefit for many years. Even with recent improvements, including the 20% increase in the benefit, NCOA knows of no one who would contend that the benefit is adequate. Although the Final Report of the Congressional Commission on Service Members and Veterans Transition Assistance did not prioritize any of its recommendations, NCOA is inclined to believe that more than mere coincidence was at play when the education benefit was assigned Chapter 1 in the final report. NCOA is gratified that the Commission spoke clearly and forcibly on the education benefit, and by so doing, dramatically underscored what NCOA has been contending for many years.

Senator Max Cleland: "Do you think it would help your shortfall in terms of recruitment now?"

"I think it would probably help on recruiting, sir."  
General Krulak, Commandant, U.S. Marine Corps

"Yes, I feel the same way. I think it would be a great draw..."  
General Ryan, Air Force Chief of Staff

"...one of the best sellers...I think it would help..."  
General Shelton, Chairman, Joint Chiefs of Staff

"...I would agree with that sir."  
Admiral Johnson, Chief of Naval Operations

"I would agree..."  
General Reimer, Army Chief of Staff

*Senate Committee on Armed Services  
September 29, 1998*

An initiative to enhance the Montgomery GI Bill has already received endorsement by the Senate Armed Services Committee and approved by the Senate. The Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and each of the Military Service Chiefs have testified as to the need for enhancement of the education benefit to allow the military services to achieve recruiting and retention requirements. Recruiters from each of the military services have testified before the Military Personnel Subcommittee of the House Armed Services Committee and before the House Veterans Affairs Committee that improvements are needed. Among college bound youth and their parents, military service is viewed not as a stepping stone to higher education but rather as a stumbling block. The Commission reported: "In comparison with other financial aid...the amount available under the MGIB is not enough to compensate youth for the time spent and risk involved in military service."

Mr. Chairman and Distinguished Members, the facts also tell us that the education benefit is no longer facilitating and easing the transition to civilian life following military service. Today, fewer than 40% of program participants use the benefit even though more than 96% of recruits enroll in the program. The education benefit, even with last years 20% increase, still equates to only about 40% of the total cost of attending a typical four-year college. Since its enactment in 1985, the MGIB benefit has increased less than 40% overall, while the cost of higher education has increased more than 230%. Today, the MGIB has the distinction of the lowest training rate among any of its predecessor programs.

NCOA senses a growing recognition, as well as a degree of urgency, that fundamental and dramatic changes in the veteran education benefit are required to reverse the recruiting and retention emergencies confronting the Armed Forces. Many of the recommendations made by your Transition Commission are precisely the sweeping reforms that NCOA has been advocating, reforms this Association believes are necessary and that military members and veterans have earned through their service in the Armed Forces.

Mr. Chairman, there are other issues pertaining to the education benefit beyond the global aspect discussed above. Over the course of time a number of issues have arisen with regard to program inequities and quirks within the GI Bill. Additionally, some program restrictions that once seemed valid now seem churlish.

For example, it once seemed wise to restrict education benefits to participants who completed their GED by the end of their first enlistment. Now this provision only serves to deny advanced education benefits (and \$1200) to service members who would benefit substantially from the advanced education. It makes no sense whatsoever to deny education benefits to a service member, who completes more than one period of honorable service, simply because GED requirements were not completed during the first enlistment.

*NCOA believes education benefits should be inclusive, not exclusive*

*It is time to remove some of the truly artificial barriers and inequities that deny higher education opportunities to thousands of deserving veterans.*

Another example of the quirks and inequities in current law pertains to Vietnam Era veterans. When the Montgomery GI Bill was enacted, a Vietnam Era veteran could enroll in the MGIB by providing three years of continuous active duty between July 1, 1965, and June 30, 1970. Unfortunately, a number of veterans are denied their education benefits because they had a break in service during the proscribed three-year window. Even though these veterans completed three additional years of active duty after enactment of the MGIB, they are denied educational benefits because they did not have the "right three years."

The above are intended only to illustrate the types of a number of changes that NCOA believes need to be addressed. The examples above also underscore a fundamental belief of this Association. NCOA believes veterans' education programs should be inclusive, not exclusive. Certainly there must be some basic qualifiers including minimum periods of service and service under honorable conditions. Yet, the Association also believes it is time to remove some of the truly artificial barriers and inequities that deny higher education opportunities to thousands of deserving veterans. This could be accomplished in two ways.

- First, some effort should be made to repeal those provisions of law that discourage program participation (Attachments one through five discuss some of these barriers and lists the types of changes that NCOA recommends).
- Second, and probably the most desirable option, is the creation of an equitable relief provision in law. (Attachment six refers).

NCOA welcomes and looks forward to the opportunity to work with the Veterans Affairs Committees on the larger issue of the education benefit itself, as well as the numerous related quirks and inequities in current law that exclude many veterans. The Association believes the need for reform of the education benefit has been identified and that reasonable and achievable recommendations have been offered.

#### BEYOND THE MONTGOMERY GI BILL

As stated earlier, NCOA fully supports most of the recommendations made by the Transition Commission to improve the veteran education benefit. NCOA is also pleased that three other bills addressing the education benefit have been introduced and are receiving consideration. Although considerable difference exists between S.4, H.R. 1071, and H.R. 1182, NCOA clearly recognizes that any one of the three individual bills, if enacted without any change, would represent a major improvement to the existing benefit. In this regard, the Association can and will support any of these measures if the Subcommittee elects to advance any one of the proposals.

NCOA is inclined to believe, however, that the Subcommittee will be under certain restraints to balance desired enhancements against improvements that are realistic and doable. With this in mind, the following represents NCOA's relative priorities for improvement of the veteran education benefit.

#### Enhance the Benefit

Two weeks ago, on May 4, 1999, the House of Representatives overwhelmingly passed two education resolutions as a visible symbol of Congress' commitment to education. House Concurrent Resolution 84 (passed 413-2) states that a priority of Congress would make full funding for educating disabled students under the Individuals with Disabilities Act a top education priority. Moments after H. Con. Res. was passed, the House passed House Concurrent Resolution 88 (by a vote of 397-13) that states Congress' intention to make student scholarship aid the first priority for higher educational funding by increasing Pell Grants by \$400 and increasing funding for other campus-based student aid programs. Commenting on the resolutions, Representative John Boehner (OH) stated: "This sends a strong message that we are serious about funding education programs that work." (emphasis added).

"It changed the life of our Nation. According to U.S. Census Bureau, GI Bill veterans not only gained an edge in education, but also increased their income by 40 percent in the four years following 1947. Economists calculate that during the lifetime of the average veteran, the U.S. Treasury receives two to eight times as much in income taxes as it paid out in education benefits."

*It Was Called the GI Bill And It Transformed A Nation, a report by James Brady, Parade Magazine, August 4, 1996*

NCOA knows of no one who would even casually suggest that the veterans education benefit is a program that does not work. Recall if you will the commemorative events in 1997 that celebrated the 50<sup>th</sup> Anniversary of the signing of the original GI Bill. The original GI Bill was a bill that worked and its impact is still evident today in society at large, the national economy and in corporate board rooms across America.

"...veterans...are more mature, serious and motivated students than the student body at large, then the benefits being paid out are being used to good effect—that is, they are going to be people who will maximize their impact."

*Final Report of GI Bill Performance Measures Survey, Dr. Tom Tynan, Connecticut State Approving Agency, September 1998*

Yet, despite the tremendous evidence compiled on the return the Nation receives for the investment made in the veteran's education, the veteran benefit has been the most neglected of all federal education programs in the last two decades.

The current Montgomery GI Bill was written in 1981. It was enacted three years later as a part of the Fiscal Year 1985 Defense Authorization Act. Veterans first became eligible for benefit payments under the MGIB in July 1988. From the time it was written until the first benefits were paid, the MGIB had already lost seven years to inflation and rising educational costs. Legislation was passed in 1993 to provide automatic COLA increases; yet the increase was frozen the first year, and the following two years only half of the COLA was provided. Even with last year's 20% increase that raised the benefit to \$528 per month for a full time student, we still have not made up for the erosion that has occurred in the veteran benefit.

One of the salient beauties of the WWII-era GI bill was that the benefit payment covered the full cost of tuition. The educational pursuits of veteran recipients of the WWII-era benefit were limited only to the individual veterans' talents, abilities, qualifications, and aspirations. NCOA believes the historically low participation rate of the current program is in direct proportion to the current benefit level. A benefit that accounts for about 40% of the cost of attending a community college is the primary reason why the training rate under the MGIB is also about 40%.

The current and future socio-economic implications in this situation should be a concern to all of us. It is not the sons and daughters of doctors, lawyers and other professionals that join the military. It is middle, lower middle, and lower class Americans that make up the rank and file of our Armed Forces. Yet, for that service, the benefit paid under the current program almost ensures that they will never advance their station in life following military service. The WWII-era GI Bill, and the Korean War GI Bill, established a tradition of higher education for lower and middle class veterans that has been at the core of the nation's social and economic strength for the past forty-to-fifty years. In NCOA's view, that tradition has not been upheld and honored with the current program.

"An enhanced MGIB would close the college education gap between rich and poor service members. The World War II GI Bill increased the country's social mobility by giving all veterans, rich and poor, access to higher education."

*Final Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance*

Another measure of the state of disrepair of the current veteran education benefit is illustrated when the MGIB is compared with a test educational assistance program that was enacted the year (1981) the MGIB was written. The Fiscal Year 1981 Defense Authorization Act (Public Law 96-342) created a veteran education benefit that has features and benefits not contained in the MGIB.

Another measure of the state of disrepair of the current veteran education benefit is illustrated when the MGIB is compared with a test educational assistance program that was enacted the year (1981) the MGIB was written. The Fiscal Year 1981 Defense Authorization Act (Public Law 96-342) created a veteran education benefit that has features and benefits not contained in the MGIB.

Section 901 of the FY81 DAA, established the Educational Assistance Test Program, a noncontributory test program, funded by DOD, and which paid veterans an educational assistance and a subsistence allowance while training at accredited educational institutions. Selection for participation in the test program was made from individuals who enlisted in, re-enlisted in, or contracted with the Armed Services under a delayed enlistment agreement between November 30, 1980, and October 1, 1981. Eligible veterans were, and some still are, entitled to receive an educational assistance allowance for tuition, fees, books, and supplies. Additionally, individuals who re-enlisted at the end of their qualifying enlistment could elect a lump-sum payment in lieu of education benefits or transfer all or part of their entitlement to their spouse or children.

The differences between the Educational Assistance Test Program, which bear in mind was enacted at the time the MGIB was written, are stark and substantial. The service member was not required to make a contribution; DOD funded the program. The benefit included assistance for tuition, fees, books and supplies, plus a subsistence allowance. Even though the member made no contribution, a lump-sum payment in lieu of education benefits was authorized. Further, all or part of the unused entitlement could be transferred to the spouse or children.

In addition to the features above, which differ markedly from the MGIB, one other feature deserves strong emphasis. Under the Educational Assistance Test Program, both the yearly tuition assistance and monthly subsistence allowance were automatically indexed to the rise in the cost of higher education, a feature not included in the original MGIB. While the MGIB benefit was eroding in the first ten years of its existence, the benefits under the Educational Assistance Test Program were increasing between 5% to 8% each year. In 1993, the year Congress approved, but then froze, a COLA increase to the MGIB, the benefit under the

Educational Assistance Test Program was increased by 7%. In 1994 and 1995, the years in which Congress approved 50% COLA's for the MGIB, the Educational Assistance Test Program was increased by 8% and 6% in those respective years.

Today, May 20, 1999, a full-time student receiving benefits under the MGIB receives \$528 per month for education. Today, a veteran in the same university is receiving a benefit totaling nearly \$1200 monthly under the Educational Assistance Test Program.

NCOA's purpose in describing the Educational Assistance Test Program at such length is to illustrate and establish a benchmark for the educational assistance benefit that should be available to veterans under the MGIB. NCOA supports a fully funded veteran education benefit that covers full tuition, books and supplies at any college or university at which the veteran qualifies. At the very minimum, the total educational benefit available under the MGIB should be increased to a level that is no less than the benefit paid under a program that was created at exactly the same time the MGIB was written.

If Congress could do only one thing to improve the veteran education benefit, NCOA believes Congress should increase the benefit substantially. A benchmark already exists.

#### Benefit Rates and Indexing

As illustrated in the discussion above on the Educational Assistance Test Program, increases in the education and subsistence allowance under that program were automatically indexed to increases in the cost of education. The index for the MGIB is tied to the Consumer Price Index (CPI) which is roughly 5% -8% less than the rise in education costs. The increase in college cost has been higher than the increase in the CPI for the last two decades, and for that reason, the eroded value of the MGIB has been devastating. NCOA fully supports linking increases in the veteran education benefit to education cost increases rather than to the CPI.

#### Accelerated and Lump Sum Payment of Benefits

In addition to a substantially increased benefit and indexing the benefit to increases in the cost of education, NCOA believes VA should have the authority to pay and veterans should be allowed to elect an accelerated payment based on their education goals and institutional financial requirements. A veteran should not be denied admittance to a college or vocational training because he or she cannot come up with the up-front money that may be required. Similarly, VA should have the authority and veterans should be able to elect a lump-sum payment at the start of a course if required by the institution and consistent with the education goals of the veteran. Veterans should be able to withdraw from their total entitlement when the cost of a training course exceeds the benefits payable for courses of short duration. These are changes that are needed to give veterans greater purchasing power with their MGIB benefit.

#### Eliminate the Contribution

Today, the veteran education benefit has the distinction of being the only federal education program or benefit that requires a monetary contribution from the program participant. The legislative history of the MGIB, in its original form as introduced by former Chairman Sonny Montgomery, did not include or contemplate in any way a monetary contribution from the service member as an eligibility stipulation. Since it was enacted, NCOA has been advocating the elimination of this onerous fee. **This Association firmly believes that both an enhanced MGIB benefit, as discussed earlier, and elimination of the \$1200 pay reduction may be necessary if the program is to adequately help the military services achieve recruiting objectives.** In its current form, the MGIB simply cannot compete with other financial aid available to high school graduates and their parents, aid that in many cases does not require a contribution or repayment.

#### Subsistence Allowance

Clearly, providing eligible veterans a subsistence allowance while pursuing higher education or other training would be a tremendous benefit that NCOA fully supports. As stated regarding the basic benefit, the Association also believes that the subsistence allowance, if approved and enacted, should also be automatically indexed for inflation and veterans receiving non-institutional training should also be eligible for the allowance.

#### Delimiting Date

NCOA supports amending the current 10-year delimiting date to authorize veterans 10 years from date of first use of benefits, not to exceed 15 years from date of last separation from military service. The additional five years is tremendously important to former noncommissioned and petty officers. Oftentimes, it is not

possible for these former enlisted members to pursue a college education during the first few years after separation from military service. The Association knows of anecdotal cases where the veteran was not in a position to start school until the 7<sup>th</sup>, 8<sup>th</sup>, or 9<sup>th</sup> year following separation. In these cases, the current delimiting date becomes another barrier to higher education. NCOA suggests that modifying the terminal date to authorize veterans 10 years from date of first use, not to exceed 15 years from date of last separation, would make the benefit more inclusive for more veterans. The cost to make this minor modification would be minimal yet the benefit to deserving and worthy veterans would be enormous.

#### **Transferability of Unused Benefit**

NCOA was previously opposed to the transferability of unused education benefits to the spouse or eligible children of the veteran. The Association viewed this as a feature that would primarily benefit commissioned officers, who enter military service with a college degree and routinely receive post-graduate degrees while on active duty. The Association was not enamored with the idea of putting a former noncommissioned or petty officer in the position of having to forgo his or her own higher education in order to finance educational costs for a spouse or child.

However, career service members highly desire the transferability option. Most career service members achieve their academic goals prior to leaving service. Concurrently, because of their limited income, they are often unable to set aside significant savings for the education of their children. As a result, most consider their investment in the GI Bill wasted.

NCOA now supports transferability for career service members. The Association believes very strongly though that transferability should be universal for all eligible veterans who have or are committed to more than twelve years of service. The Association is opposed to any notion that would give DOD or the military services discretionary authority in this matter to selectively allow only some members a transferability option. Finally, control over transferability should be limited solely to veterans to limit its distribution by divorce courts.

#### **CONCLUSION**

The following paragraph, quoted from the Final Report of the Congressional Commission on Service Members and Veterans Transition Assistance, appropriately captures NCOA's sentiments to conclude our testimony today.

"If the MGIB is to be judged a success in the future as well as in the past, the evidence must show that veterans are currently receiving post-secondary education. The evidence must show that the military services are currently recruiting the high-quality high school graduates they need. The evidence must show that the Nation has enhanced its competitiveness by taking full advantage of the unique national resource represented by the self-disciplined, goal-oriented, steadfast team players developed through military service. The evidence must show that the leadership circles of government, academia, business, labor, and media are enhanced by the presence of veterans in their ranks."

Mr. Chairman and Distinguished Members, NCOA pledges its full support to any changes advanced by this Subcommittee to enhance and improve the veteran education benefit. Further, it is the Association's sincere hope that in next five or fifty years, history will deem those enhancements and improvements successful.

Thank you.

#### **Attachments:**

1. VEA and the MGIB
2. Education Requirements for MGIB Eligibility
3. ROTC, Service Academies and the MGIB
4. Continuous Active Duty Requirement and MGIB Eligibility
5. MGIB (Active) and MGIB (Selected Reserve)
6. Equitable Relief Provision

**VEA and the MGIB****The Law Now**

A person who had eligibility for the Vietnam Era Veterans Educational Assistance (VEA) program (formerly codified as chapter 34 of title 38, U. S. Code) remaining on December 31, 1989, can qualify for MGIB. However, such an individual must meet a series of critical active duty dates to be considered eligible. An individual must have served at least one day during the period October 19, 1984, through June 30, 1985, and continuously from that date through:

- > June 30, 1988; or
- > June 30, 1987, if the individual began a four-year obligation in the Selected Reserve within one year of June 30, 1987.

A Vietnam Era veteran who qualifies for MGIB generally has 10 years from the date of his or her last discharge to use the benefits. However, the amount of time the veteran was not in service between December 31, 1976, and June 30, 1985, will be deducted from his or her 10-year period of eligibility.

**Adverse Consequences**

Some veterans who are now getting ready to retire after 20 or more years of service cannot qualify for the Montgomery GI Bill because they had a break in service during the critical period shown above. Other veterans who retired during 1985 and 1986 could not qualify because they did not have enough service after June 30, 1985. Since they are no longer eligible for the Veterans Educational Assistance program, which ended on January 1, 1990, they are now unable to obtain GI Bill benefits.

A veteran who does qualify, but had a break in service before June 30, 1985, will not have a full 10 years after his or her last discharge to use earned benefits.

**Recommendations**

- > Relax the requirements for the length of service after June 30, 1985, when a veteran is retiring after 20 or more years of active military service
- > Authorize an exception in law that would allow a break in service spanning the critical period October 19, 1984, through June 30, 1985 (e.g., a break in service duty to family hardship, illness or other extenuating circumstances)
- > Authorize an exception in law that would allow an eligible person with a break in service between December 31, 1976, and June 30, 1985, to use the full 10-year period of eligibility

### Education Requirement for MGIB Eligibility

#### The Law Now

Under current law, there are various categories of eligible veterans as follows:

#### A. Category I Eligibility

- First enters on active duty after June 30, 1985, and has an initial obligated service period of less than 3 years, or
- First enters on active duty after June 30, 1985, and has an initial obligated service period of 3 years or longer, or
- First enters on active duty after June 30, 1985, and has an initial obligated service period of less than 3 years and has selected reserve service

**Education Requirement** - All category I eligible veterans must complete the requirements for a high school diploma or equivalency certificate before their first period of active duty ends.

#### B. Category II Eligibility

- Was eligible to receive benefits under chapter 34 on December 31, 1989

**Education Requirement** - All category II eligible veterans must have obtained a high school diploma or equivalency certificate before December 31, 1989.

#### C. Category III Eligibility

- Applies to veterans who are involuntarily separated after February 2, 1991, or
- Applies to veterans who were separated on or after October 23, 1992, and who received voluntary separation incentives, or
- Applies to veterans who were separated after December 5, 1991, and before October 23, 1992, and who received voluntary separation incentives.

**Education Requirement** - All category III eligible veterans must have obtained a high school diploma or an equivalency certificate before they apply for benefits.

#### D. Category IV Eligibility

- Applies to veterans who were on active duty on October 9, 1996, and were a VEAP participant with money in the VEAP fund. Election to participate in the MGIB and \$1200 contribution required by October 9, 1997.

**Education Requirement** - All category IV eligible veterans must have obtained a high school diploma or an equivalency certificate before they apply for benefits.

#### Adverse Consequences

Three of the four categories for MGIB eligibility have a different education requirement that is confusing to the veteran beneficiary, claims examiners who process educational benefit claims, transition counselors, and VA educational counselors.

#### Recommendations

- Create one standard high school education requirement for all four MGIB eligibility categories by authorizing entitlement to education benefit if the veteran completes a high school diploma or equivalency certificate before applying for benefits.

**ROTC, Service Academies and the MGIB**

*The Law Now*

**A veteran or person on active duty who**

- has Vietnam Era service, or
- first entered active duty after June 30, 1985

**can not receive MGIB benefits if he or she graduated from a service academy or a ROTC scholarship program and received a commission after December 31, 1976,**

**This prohibition does not apply to a veteran or person on active duty who:**

- Was on active duty on September 30, 1990, and was involuntarily separated after February 2, 1991;
- Was involuntarily separated on or after November 30, 1993;
- Was voluntarily separated under the Voluntary Separation Incentive or the Special Separation Benefit program; or
- Was on active duty on October 9, 1996, was a participant in the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) with money in the VEAP fund, elected MGIB and paid \$1200 before October 9, 1997.

**An ROTC graduate can be eligible for MGIB if he or she:**

- Received a commission before becoming eligible for MGIB
- Completed ROTC without a full scholarship; or
- Received a commission after September 30, 1996, provided he or she received less than \$2000 during any year of the ROTC program

*Adverse Consequences*

**This prohibition - with multiple exceptions - is confusing and creates inequity among all eligibility categories.**

*Recommendations*

- Repeal the restriction altogether, or
- Apply this restriction uniformly to all eligibility from date of enactment forward.

**Continuous Active Duty Requirement  
And  
MGIB Eligibility**

*The Law Now*

A person must serve three continuous years on active duty to be eligible for the MGIB Active Duty Educational Assistance Program. However, the person can qualify with only two years of active duty if he or she:

- Is now on active duty;
- First enlisted for two years of active duty; or
- Has an obligation to serve four years in the Selected Reserve (the Selected Reserve obligation must begin within one year of separation from active duty).

If the person completes 20 months of an enlistment of less than three years or 30 months of an enlistment of three years or longer, he or she can qualify if separated for convenience of the government.

If the person does not complete 20 months of an enlistment of less than three years or 30 months of an enlistment of three years or longer, he or she can qualify only if separated for:

- A service-connected disability;
- Hardship;
- A medical condition that pre-existed service;
- A medical condition that is not a disability or due to the person's own misconduct but that interfered with his or her performance of duty; or
- A qualifying reduction-in-force.

Under these exceptions a person will get one month for each month of active service.

*Adverse Consequences*

If a person is separated from service for convenience of the government before completing the required period of service, he or she is not eligible for MGIB.

For example: An enlisted person in his or her first obligated period of service who accepts a discharge to go into training as an officer is separated for convenience of the government. Effective the following day, the person enters into a new service period. If this occurs before the person completes 20 months of an initial enlistment of less than three years or 30 months of an enlistment of three years or longer, he or she is not eligible for MGIB.

*Recommendations*

- Eliminate, or relax, the minimum service requirements by authorizing one month of benefit entitlement for each month of service; and,
- In the case of a person who is separated to immediately re-enlist for officer training, eliminate the service requirements to allow for full benefits - this should not be considered a break in service.

**MGIB (Active)  
And  
MGIB (Selected Reserve)**

**The Law Now**

Concurrent receipt and use of benefits under the MGIB (Active Duty - codified as chapter 30 of title 38, U. S. Code) and the MGIB (Selected Reserve - codified as chapter 1606 of title 10, U. S. Code) is prohibited. A person who has eligibility for both benefits cannot use more than 48 months of entitlement under both programs.

**Adverse Consequences**

A person who has eligibility for the MGIB (Active) based on an active duty commitment of three years or more has 10 years after discharge to receive benefits. A person who enters into a Selected Reserve obligation of at least six years has 10 years to use MGIB (Selected Reserve) benefits provided he or she remains in the reserve. If the person enters into the Selected Reserve immediately upon discharge from active duty, his or her periods of eligibility for MGIB active and MGIB Selected Reserve educational benefits would coincide. Since the person is required to use the benefits separately, he or she cannot use the total monetary amount of both benefits concurrently to defray the high cost of education.

**Recommendation**

- Authorize the concurrent use of MGIB active and MGIB Selected Reserve educational benefits to allow the veteran to defray the cost of higher education

**Equitable Relief Provision****The Law Now**

Over the course of time a number of issues have arisen with regard to program inequities and quirks within the MGIB. Some program restrictions that once seemed valid now seem churlish. Attachments 1 through 6 refer.

**Adverse Consequences**

Education benefits should be inclusive, not exclusive. Certainly there must be some basic qualifiers including minimum periods of service and service under honorable conditions. Yet, it is time to remove some of the truly artificial barriers and inequities that deny higher education opportunities to thousands of deserving veterans.

**Recommendations**

- Some effort should be made to repeal those provisions of law that discourage and deny MGIB program participation (Attachments 1 through 5); and
- Create an equitable relief law provision in title 38 that would allow:

**"Notwithstanding any other provision of law, the Secretary of Veterans Affairs may provide education assistance benefits under chapters 30, 32, and 35 of this title, and chapters 106 and 107 of title 10, as appropriate, to provide equitable relief to the veteran."**

# THE FLEET RESERVE ASSOCIATION

Statement of the Fleet Reserve Association  
presented to  
The Subcommittee on Benefits  
House Veterans' Affairs Committee  
U.S. House of Representatives  
on  
Improvements to the Montgomery GI Bill

Presented by  
Charles L. Calkins  
National Executive Secretary  
Fleet Reserve Association

May 20, 1999



**FLEET RESERVE ASSOCIATION**  
*Serving Career Enlisted Personnel*  
**U.S. NAVY • U.S. MARINE CORPS • U.S. COAST GUARD**  
125 N. West Street, Alexandria, Virginia 22314  
(703) 683-1400

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**CERTIFICATION OF NON-RECEIPT  
OF FEDERAL FUNDS**

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

## INTRODUCTION

Mr. Chairman. The Fleet Reserve Association (FRA) and its 155,000 members are grateful for the opportunity to comment on H.R. 1071, the Montgomery GI Bill Improvements Act of 1999 and H.R. 1182, the Servicemembers Educational Opportunities Act of 1999. And, as indicated by the Chairman's letter of April 22, 1999, the MGIB may be structured in the future to enhance military recruitment and veterans readjustment. Hopefully, the Subcommittee includes the retention of active duty service members as an integral partner to recruitment. Both recruiting and retention are at the lowest percentage levels since the mid-1970s.

With plummeting recruiting and retention rates and the fact that fewer veterans are taking advantage of their MGIB benefits (48.7%), there is little doubt that the Montgomery GI Bill (MGIB) requires improvement. Additionally, the cost of higher education continues to climb to where the payments provided under the MGIB fall short of the goal that allows the veteran to enroll in a college or university of his or her choice.

On the surface one bill appears to be almost a cure-all, but the Subcommittee's preference may be a mix of proposals that must be considered because of the effect each will have on recruitment, retention, veterans' readjustment and the VA budget. The latter may very well put a crimp in the enactment of desirable improvements. FRA, as an ombudsman for the Navy, Marine Corps and Coast Guard, however, must focus on its major concerns - the recruitment and retention of qualified men and women for the Sea Services. The Association, therefore, limits its remarks to the improvements needed to enhance those two programs.

To review the pending proposals, FRA first made a comparison chart of the two bills, H.R. 1071 and H.R. 1182, and included provisions of the Senate bill, S.4, approved by that body earlier in the year. Using the chart as a guide, FRA offers the following comments and recommendations. (The chart is available on page 6.)

In choosing its selection of improvements to the MGIB, the Association kept in mind one of the bill's 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..." It does so because of the alarming recruiting and retention rates which are at their lowest levels in nearly 20 years. The All Volunteer Force and the Total Force Concepts are in peril, along with the two-war concept. The Nation needs to rebuild its Armed Forces. Improvements to the MGIB should be part of the equation addressing these challenges and assisting in curing the military's manpower shortages.

## RECRUITING

The better the program, the better for recruiting. All of us know that many young men and women do not have adequate resources to continue their education beyond high school. Although the current MGIB is somewhat of an enticement to enlist in the Armed Forces, it isn't a major incentive for young men and women to make a commitment to serve in the military. FRA endorses any improvement to the MGIB that outbids other programs offered by the Federal government providing education assistance beyond the high school level. Further, improvements in the MGIB may provide military recruiters access to high school counselors who, at the present, are generally not embracing the military as a future option for consideration by their students.

★ *Eligibility.* FRA agrees with the military services that a prospective member with a high school education performs his or her duties far superior than those without a diploma and is more likely to fulfill his or her enlistment contract. Today, attrition is higher than ever. FRA sees no reason to reduce educational requirements for participation in the MGIB.

★ *Payment of Education Expenses.* Full payment of the actual cost of a member's education expenses should be targeted only to the men and women who continue to serve beyond their first enlistment. For those entering the military for the first time, an offer of 90 percent of actual cost should suffice as an incentive for an initial enlistment, provided the amounts meet the criteria of improving benefits superior to those offered by other governmental programs.

★ *Amount of Stipend.* The current MGIB payment is too little to offer young men and women who have other, more lucrative educational programs as options. An amount equal to the middle ground between the levels recommended in H.R. 1071 and H.R. 1182 is acceptable, assuming that the amounts could be increased annually by \$50.00 if recruiting (and retention) does not improve as a result of the 1999 increase. Of course, such increases would be limited to a period of years (as determined by the oversight committees) and only upon the approval of the House and Senate Committees on Veterans' Affairs.

★ *Exclusion from Income.* All benefits under the MGIB should be excluded from income tax liability.

★ *Withdrawal from enrollment.* Unless the Association's interpretation is incorrect, the opportunity to withdraw from enrollment need apply only to the member required to make pay reductions in order to participate in the MGIB.

★ *Elimination or Termination of Pay Reductions.* FRA continues to oppose the termination of pay reductions to participate in the MGIB. Instead, the Association recommends that the reductions be halved to \$50.00 monthly over a period of 24 months in lieu of 12. FRA believes that the payment provides a greater incentive to the member to pursue a higher education upon transition to veteran status.

If anything, the Association suggests that vouchers be provided the member upon separation from the service that offer repayment of the \$1,200, with interest, at the end of the completion of the member's term of benefits or 10 years following separation from the Armed Forces if the veteran has not taken advantage of his or her MGIB benefits. Interest on the returned pay, by the way, should be considered taxable as income since the veteran receives it as a reimbursement in lieu of benefits.

#### RETENTION

Since 1991 military operations and personnel tempo levels have increased dramatically. For example, optempo soared 300 percent (latest figures) since the Cold War ended. The Navy alone responded to orders to deploy more than 77 times during the Clinton Administration but only 40 times during the eight years President Reagan was in office. All this is accomplished with less manpower following Congress' authorizations to cut military personnel levels by more than 25 percent.

Further, military operation tempos have increased demands on the Nation's uniformed service members. It has driven many of the latter to separate from the Armed Forces. The reasons run the gamut. The most obvious are inadequate pay, inequitable retirement benefits, long family separations, unsatisfactory health care, broken promises, and poor leadership. Better incentives

must be offered to retain the best qualified who are valued by the services for their experience and leadership. The MGIB can be one of the major incentives for enlisting in the United States Armed Forces, and also a major incentive for members of the active or reserve components to renew their commitments to military service.

★ *Education Benefits for Active Duty Personnel.* Some 20 or more years ago, an incarcerated veteran was authorized enrollment in the Vietnam-era GI bill and entitled to full tuition costs, plus a stipend that could be in excess of \$300 each month. At the same time, a service member, serving honorably on active duty, could enroll for education assistance that was limited to tuition costs only. In an attempt to rectify this discriminating practice a number of military organizations complained to the House and Senate. Congress, in its wisdom, failed to raise the benefits for the honorably-serving member of the Armed Forces to the level of that being received by the incarcerated veteran. It did just the opposite by lowering the benefits for the incarcerated veteran to the level offered the service member.

FRA believes it's time to improve the lot of the service member desiring to enroll in off-duty courses. It proposes ending the current practice of not providing stipends to active duty personnel pursuing educational assistance under the MGIB. If the career-minded service member has the inclination and time to enroll, he or she should be authorized a partial stipend dependent on the number of hours completed each month. Today, many service members find they must seek employment after duty hours, rather than further their education, to provide additional - sometimes essential - living expenses for their families. If the members receive a stipend for enhancing their level of education instead of "moonlighting," it lends credibility to the dictum that the "military takes care of its own," improves the members' value to the service, increases the opportunity for more rapid advancements and (with other improvements pending in Congress) creates a positive career pattern in the minds of those facing the option to reenlist. In addition, these individuals will be good and more highly productive citizens when they return to civilian life.

★ *Enrollment of Certain VEAP Participants in MGIB.* FRA believes service members (or military retirees) who participated in the Veterans Education Assistance Program (VEAP), and withdrew voluntarily because it failed to offer satisfactory benefits or because of bad advice from senior officials, should be provided an opportunity to enroll in the MGIB.

★ *Increased Benefits.* FRA supports a more generous stipend for service members who pursue a higher education during their second or successive enlistment that totals at least four years of active service or eight years in the Selected Reserve. The amounts may be \$25 to \$50 greater than that provided for those pursuing less than full-time courses of instruction.

★ *Transfer Entitlement.* FRA believes that the Subcommittee should consider a provision in the proposed Senate bill, S.4, that offers a transfer of MGIB benefits to a veteran's spouse or children. The proposal would be a superb incentive to retain service members for a career in the Armed Forces. As an example, if a service member reenlists for a second four-year period and sufficient successive terms to complete a minimum of 20 years of active duty, or is honorably separated earlier for reason of disability, he or she would have the option to transfer the entitlement to a spouse or child, or combination thereof. *The incentive should not be made available to those who serve less than a 20 year career in the Armed Forces.* Otherwise its value is diminished and the cost becomes prohibitive.

**CONCLUSION**

The Association's focus on recruiting and retention is not indicative of its lack of concern for the men and women who'll join the Armed Forces for less than a military career. FRA believes that the veteran who serves the Nation in one of the uniforms of either the Navy, Marine Corps, Coast Guard, Army or Air Force, deserves the right to a Federally-sponsored education superior to those offered by other Federal programs requiring less effort on the part of the individual citizen.

FRA quite agrees that enhanced benefits in the MGIB may increase its use by service members separating from the military. Even though the Nation may then spend more money on MGIB benefits, FRA continues to subscribe to (a) - the belief that veterans who take advantage of the GI Bill will return two to three times that amount in future taxes to the U.S. Treasury, and (b) - as stated by the Commission on Servicemembers and Veterans Transition Assistance (CSVTA), "a more financially attractive MGIB would enable our Nation to fully capitalize on the unique national resource of veterans' skills, training, experience, and character."

COMPARISON OF CURRENT BILLS, 106<sup>TH</sup> CONGRESS, FIRST SESSION  
PROPOSING IMPROVEMENTS TO THE  
MONTGOMERY GI BILL (MGIB)

H.R. 1071	H.R. 1182	S. 4.
	<b><u>ENHANCED BENEFITS ELIGIBILITY</u></b>	
Repeals Required HS Grad for basic assistance	Adds Requires Education Status	Not addressed
	<b><u>DURATION OF ENHANCED BENEFITS</u></b>	
36 months	36 months	Not Addressed
	<b><u>PAYMENT OF EDUCATION EXPENSES</u></b>	
Actual Cost Tuition/Fees	90% of Actual Cost	Not Addressed
	<b><u>AMOUNT OF STIPEND</u></b>	
Full Time: \$800	\$600	Not Addressed
3/4 Time 600	450	
1/2 Time 400	300	
<1/2 Time 200	150	
Adjusted f/Inflation	Adjusted f/Inflation	
	<b><u>EXCLUSIONS FROM INCOME</u></b>	
Grants/Loans Only	Income f/Tax Purposes	Not Addressed
	<b><u>INCREASES IN BASIC EDUCATION ASSISTANCE UNDER MGIB</u></b>	
\$900 in lieu of \$528	Not Addressed	\$600
\$730 in lieu of \$429	\$488	
	<b><u>OPPORTUNITIES TO WITHDRAW ELECTION NOT TO ENROLL</u></b>	
Provided	Not Addressed	Not Addressed
	<b><u>EDUCATION OUTREACH SERVICES TO SERVICE MEMBERS</u></b>	
Required	Required	Not Addressed
	<b><u>MAKE ACCELERATED PAYMENTS UNDER MGIB</u></b>	
Provided	Not Addressed	Provided (also includes Selected Reserve)
	<b><u>AVAILABILITY OF MGIB FOR PAYMENT FOR LICENSING OR CERTIFICATION TESTS/or/FOR PREPARATORY COURSES FOR COLLEGE &amp; GRADUATE SCHOOL ENTRANCE EXAMS/or/FOR TRAINING FOR TECHNOLOGICAL COURSES (ETC.)</u></b>	
Provided	Not Addressed	Only for College & Graduate School Entrance Exams
	<b><u>ENROLLMENT OF CERTAIN VEAP PARTICIPANTS IN MGIB</u></b>	
Addresses VEAP participants on active duty since 10/09/96 and vets w/honorable discharges	Not Addressed	Not Addressed
	<b><u>ELIMINATION/TERMINATION OF PAY REDUCTIONS</u></b>	
After 09/30/99	After 09/30/99	On/After Date Enacted
	<b><u>TRANSFER OF ENTITLEMENT</u></b>	
Not Addressed	Not Addressed	To Spouse/Child(ren)
	<b><u>REPORT OF AFFECT ON RECRUITING AND RETENTION</u></b>	
Not Addressed	Not Addressed	Required



**TESTIMONY OF**

**JOHN J. DALY  
LEGISLATIVE ASSISTANT**

**THE RETIRED ENLISTED ASSOCIATION  
BEFORE THE  
HOUSE VETERANS AFFAIRS COMMITTEE  
SUBCOMMITTEE ON BENEFITS  
CONCERNING THE  
MONTGOMERY GI BILL  
MAY 20, 1999**

**DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS**

The Retired Enlisted Association does not currently receive, has not received during the current fiscal year or either of the two previous years any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.

Mr. Chairman, distinguished Committee members, The Retired Enlisted Association appreciates the opportunity to come before you today to discuss one of the most important pieces of legislation ever passed by this body. When Congress passed the original GI Bill the face of America changed forever. While it is impossible to quantify, we can imagine the number of doctors, scientists and teachers, and members of this institution, who were able to pursue a college education because of the GI Bill. We can also imagine the number of quality personnel who served our nation in the Armed Forces in order to become eligible to receive the GI Bill. We come here today to discuss how we can improve on this tremendous program to guarantee that the youth of America are drawn to the all-volunteer force and to guarantee those who serve have a quality educational benefit.

The GI Bill is a unique program in that it is not specifically a recruiting tool. It is also a transition benefit for those transitioning from military service back to civilian life. Therefore, any changes to the GI Bill must be weighed by the impact they will have on the recruit and the veteran. The Retired Enlisted Association, along with all veterans organizations, anxiously awaited the report of the Commission on Servicemembers and Veterans Transition Assistance and the recommendations it would make concerning the Montgomery GI Bill (MGIB). We were pleased with the recommendations of the Commission and are grateful the Chairman Stump and Ranking Member Evans have introduced legislation which would carry out several of these recommendations. HR 1182 (Rep. Stump) and HR 1071 (Rep. Evans) underscore one primary realization - The GI Bill, in its current form, needs to be modified to continue to provide both a quality recruiting and transition benefit. I would now like to address specific issues involved in determining any recommended changes to the Montgomery GI Bill.

#### **TUITION COSTS VS. GI BILL PAYMENT**

Mr. Chairman, the Armed Forces of the United States are, in the eyes of many today, an employer. They provide job training, experience and associated benefits. Like any other employer, the Armed Forces must compete for high quality employees with other organizations. In the past, the military was able to attract these quality personnel by offering the GI Bill. Service in the military equated to a college education. Today, the military continues to offer this assistance, as do most large corporations. The concept of working to earn money for college is not a new one and not monopolized by the military. Now, the GI Bill does not even offer a benefit that competes with some corporations.

Since the MGIB was implemented, the increase in cost of higher education has far outpaced inflation. Unfortunately, MGIB payments have not kept pace, thereby dramatically increasing the payment required from the veteran. Further, the number of married veterans has put an additional emphasis on the gap between college tuition and the purchasing power of the MGIB. An 18 year old who is trying to determine whether or not they should enter the service is going to compare the benefits with other potential employers. It would be foolish of us to think that the potential recruit will fail to recognize that the purchasing power of the GI Bill is going to be reduced every year. How can this compare with a corporation which offers a set percentage, regardless of tuition increases? Obviously it cannot, and our military is suffering because of it.

The recommendations of HR 1071, which recommends the GI Bill cover 100% of tuition, fees, books and supplies, and HR 1182, which recommends coverage of 90% of tuition and a reasonable cost of books and supplies will both certainly help alleviate this existing gap. Certainly, any increase in tuition payments will make the GI Bill a more attractive recruitment tool and a more efficient transition tool. However, we are concerned with the required off-sets for such increases. The MGIB, as you all know, is mandatory spending, and is therefore capped as a result of the Balanced Budget Agreement. Further, an increase would require an off-set which would need to come out of another Veterans Benefit account, an off-set which would likely harm another benefit program. While we would welcome any increase in GI Bill benefits, we must urge caution on the part of Congress to protect, and maintain, existing benefits.

As previously stated, the MGIB is not just about recruitment. By improving the reimbursement schedule of the MGIB, Congress will be helping veterans find it easier to attend college without worrying over how they would have to stretch often scarce resources.

If Congress determines that the GI Bill will pay a percentage of tuition and fees, we would recommend that this Committee consider implementing legislative language which would index the payments on tuition and fees an amount equal to the average increase in tuition at institutions of higher learning. This language would help avoid having the future version of the GI Bill lose its purchasing power in the not-too-distant future.

### **ENROLLMENT FEE**

As previously stated, the MGIB is, essentially, an employee benefit. It is a benefit which the employee has to pay to be a part of. Currently, members of the Armed Forces pay \$1,200 over the first year of their service in order to be eligible to receive the educational benefits of the MGIB. This fee is yet another deterrent to young people interested in military service. The Retired Enlisted Association supports legislation which will eliminate the present MGIB enrollment fee.

### **TRADITIONAL FOUR YEAR DEGREE VS. NON-TRADITIONAL SCHOOLING**

As the face of society has changed, so has the practical definition of "education." No longer is a four year college degree the only available form of "higher education." In particular, servicemembers with technical or computer training may leave the service and take an intensive training program over several months. These programs may cost the same amount as college tuition but be required in a far shorter time frame. We would urge the Committee to consider developing an accelerated payment program whereby veterans who enroll in certified educational programs can receive payments at an amount equal to the schedule of their payments.

### **VEAP PARTICIPANTS**

The Retired Enlisted Association strongly urges Congress to allow those servicemembers who are participants in the Veterans Education Assistance Program (VEAP) to be provided the opportunity to enroll in the program of basic education assistance as outlined in HR 1071. Many Vietnam-era servicemembers withdrew money from their VEAP accounts and, therefore, were left without any educational benefits. All (VEAP) participants on active duty as of Oct. 9, 1996, should be allowed to "convert" to the MGIB, without regard to whether or not they had previously withdrawn their contributions to VEAP. VEAP conversion became a reality for some service members in 1996. Unfortunately, when the law was changed, a legal ruling determined that participants who had no balance in their VEAP accounts were ineligible to convert to the MGIB. TREA believes failure to correct this problem is unfair to the some 100,000 VEAP members on active duty "left behind" with an inferior education benefit, especially since most acted on their service's advice to withdraw their funds from their VEAP accounts. These improvements are estimated to cost approximately \$200 - 300 million.

### **CONCLUSION**

Mr. Chairman, TREA is pleased to here today to participate in the discussion of such an important benefit program. The GI Bill has made this country what it is today. From those who fought tyranny in the Balkans during World War II to those fighting for freedom there today, the GI Bill represented an opportunity to better yourself. It draws people into military service and provides those who serve this nation honorable an opportunity they may not have had. It has made the second half of the 20<sup>th</sup> Century in this country. Now, as we look into the 21<sup>st</sup> Century, we can envision the impact that the GI Bill will continue to have on future servicemembers. At the same time we must realize that the GI Bill needs to change so it may continue to provide a worthwhile benefit. By increasing the tuition reimbursement, eliminating the enrollment fee and guaranteeing that this benefit will not lose its value in future years, Congress will have helped guarantee that the Armed Forces of the United States continue to attract top quality personnel.

Mr. Chairman, thank you for your time. I will be pleased to answer any questions you may have at this time.



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*"The Servicemember's Voice in Government"*  
Established 1968

**STATEMENT  
BEFORE THE  
SUBCOMMITTEE ON BENEFITS  
OF THE  
COMMITTEE ON  
VETERANS' AFFAIRS**

**U.S. HOUSE OF REPRESENTATIVES**

**THE FUTURE OF THE MONTGOMERY GI BILL**

**MASTER GUNNERY SERGEANT  
BENJAMIN H. BUTLER USMC RETIRED**

**NATIONAL ASSOCIATION FOR UNIFORMED SERVICES  
5535 HEMPSTEAD WAY, SPRINGFIELD, VA 22151**

**20 May 1999**

*Curriculum Vitae and Organizational Disclosure Statements*

Benjamin H. Butler  
Associate Legislative Counsel  
National Association for Uniformed Services

Master Gunnery Sergeant Butler, US Marine Corps, Retired, has been an Associate Legislative Counsel, the Director of Chapter Management and an Associate Director of the Legislative Political Action Team at NAUS since August 1996.

MGySgt Butler's military career spanned 21 years of active service. His years in the military started with the infantry, serving with the 2<sup>nd</sup> Marine Division at Camp Lejeune NC and as an instructor at Officers Candidate School in Quantico VA. He also spent several years working as a recruiter. He worked at all levels of recruiting for the Marine Corps starting as a canvassing recruiter. He also managed several different recruiting stations in both upstate NY and the Washington DC area. He also served as a Regional Recruiter Instructor as well as an Instructor at Recruiters' School in San Diego CA. MGySgt Butler then spent 4 years as a member of the national training team for Marine Corps recruiting in Washington DC. During this tour he traveled from coast-to-coast, assisting recruiters and recruiting commanders. He has had extensive training in sales and management and is certified as a sales and management trainer.

***Disclosure***

The National Association for Uniformed Services (NAUS) has not received grants (and/or subgrants) or contracts (and/or subcontracts) from the federal government for the past three fiscal years.

**STATEMENT FOR THE RECORD**

Mr. Chairman, The National Association For Uniformed Services (NAUS) appreciates the opportunity to submit this statement concerning the future role of the Montgomery GI Bill with respect to military recruitment and veterans' readjustment.

The National Association for Uniformed Services represents all ranks, branches and components of uniformed services personnel, their spouses and survivors. Our nationwide association includes all personnel of the active, retired, reserve and National Guard, disabled and other veterans of the seven uniformed services: Army, Marines, Navy, Air Force, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration.

The overall purpose of NAUS is to support legislation which will uphold the security of the United States, sustain the morale of the Armed Forces, and provide fair and equitable consideration for all members of the uniformed services.

We feel the Montgomery GI Bill is a key ingredient in recruitment as well as a key ingredient in veteran's transition.

Mr. Chairman, during my 21 years as a Marine, I spent 16 years associated with recruiting. I worked at all levels of recruiting to include Canvassing Recruiter, Noncommissioned Officer in Charge where I supervised a group of recruiters while recruiting myself, Recruiter Instructor where I was a regional trainer for recruiters, Formal School Instructor training new recruiters at the Corps only Recruiters School in San Diego, and as a National Training Team Member travelling throughout the United States working with Recruiters and their leaders.

With this background I feel very qualified to tell you that The Montgomery GI Bill is a critical recruiting tool. In my presentation that I would give to prospective recruits, I would use a set of, what we call Benefit Tags. These Benefit Tags listed several qualities that these young people would choose from, as important traits or characteristics that they felt were important for their future. In almost 90% of the cases, these young people chose Educational Opportunities as one of their top four choices. As often as I could, I would ask the parents to sit in on the interview. When I asked parents what they felt was important to the future success of their

child the choice of this Educational Opportunity tag jumped to almost 100%. Young people today are concerned about education and their parents are very concerned and realize the importance of it.

Mr. Chairman in today's competitive environment military recruiters are competing, not only with the other services, but also with colleges, businesses and the blue collar work force. Improvements in the current Montgomery GI Bill will help our recruiters be more competitive with these other options which, in many cases offer a comparable benefit without the rigors and dangers associated with military service.

Mr. Chairman, when I retired from the Marine Corps in 1996, I spent my first 2 years transitioning and readjusting in my new career and civilian life in general. Since I was the primary breadwinner in my family, I certainly didn't have the option of attending college full time- and because of my travel schedule part-time was even a stretch. I am currently enrolled in my second semester of college. I have increased my course-load from one course per semester to two. This is a challenge. Working full-time and attending college, even 2 courses involves a full challenging schedule. Luckily I carried many credits from college courses I took while on active duty into my current degree program. This will allow me to complete my degree, and begin work towards a Masters Degree in the 10 year window that I have after leaving the military- but it will take a good chunk of that time, even though I brought credits to the table. I believe the optimal situation would be to attend college full time, receive my Masters degree in 4-6 years, and then find a second career with my newly earned educational credentials. This is even more important I believe, for the younger veterans. Many of them spend all of their time beginning their first career and many never have the opportunity to use their benefit at all.

At the current level of benefit, going to college full time is simply not a viable option, especially with a family. Both H.R. 1182 and H.R. 1071 would offer significant increases in funding that would assist all veterans as they transition from the military into the civilian world. This would greatly increase the option of being a full time student and obtaining a college degree much sooner, that will actually be an asset in the transition process.

Mr. Chairman as a representative of the National Association for Uniformed

Services, and as a military retiree myself, I would be remiss if I didn't mention one other factor that must be considered. We believe this has a significant impact on both retention and recruiting in today's military. All benefits are important. But the most important benefit is the belief that something promised for military service will actually be received. As a leader in recruiting I always taught my Marines the importance of being totally honest in dealing with applicants and their parents. I knew that all it takes is one unsatisfied customer to poison a recruiting area. The general feeling amongst the members of our association is that the promises made to them, have been broken- this is especially true for lifetime medical care in return for 20 years of service. Many retirees are hesitant to recommend a military career to those family members and others that they mentor because of the broken promises that were made to them. If and when we provide this enhanced GI Bill benefit as a recruiting and transition tool- lets keep this promise and continue to correct the other broken promises that have been made. Only then, will the military regain one of its most productive recruiting tools. Military retirees and veterans, in the local community who do the selling, either good or bad, for military prospects who seek their counsel.

Mr. Chairman thank you again for giving us the opportunity to present this testimony today. I will be happy to answer any questions you have.



STATEMENT BY

**LTG THEODORE G. STROUP, JR., USA (RET)**

**VICE PRESIDENT**

**ASSOCIATION OF THE UNITED STATES ARMY**

SUBMITTED FOR THE

**COMMITTEE ON VETERANS' AFFAIRS**

**UNITED STATES HOUSE OF REPRESENTATIVES**

**106<sup>TH</sup> CONGRESS**

**HR 1071 AND HR 1182**

**20 MAY 1999**

**NOT FOR PUBLICATION  
UNTIL RELEASED BY THE  
COMMITTEE ON VETERANS' AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES**

## STATEMENT BY

Lieutenant General Ted Stroup

USA (Retired)

Mr. Chairman, members of the Subcommittee, I am honored to have the opportunity to testify on behalf of the Association of the United States Army – representing America’s Army – active, National Guard, Army Reserve, Department of the Army civilians, retirees, and family members. I want to thank you for your concern, your commitment, and your dedication to the men and women who serve in America’s Armed Forces. They are unsurpassed! Their daily strivings of service to the nation, around the globe, wherever duty calls them, are indeed inspiring. In this vein, I bring to this committee not only the perspectives of the Association, but also my own as the former DCSPER of the Army – responsible for the personnel policies and programs to insure that the Army could fulfill its mandated national military strategy roles.

The demands on today’s Army are of historic proportion. Over the past decade the number and scope of missions have increased substantially, while the size of the force has become significantly smaller. And, now that the Quadrennial Defense Review draw-down has been essentially completed, the requirement for accessions into America’s Army has increased. All the components of the Army are now in a position where they need to replace one for one each soldier who leaves military service. In FY 1999 alone, the Army faces a staggering recruiting requirement of 184,000 for all of its components, - more than all of the other services’ recruiting requirements

combined. That is a challenge – and one in which AUSA and its chapters across the nation are directly assisting the Army’s recruiting force.

I would like to applaud the subcommittee for holding hearings on the future role of the Montgomery GI Bill, its impact on military recruitment and veterans readjustment, the extent to which H.R. 1182 and H.R. 1071 will be helpful to maintaining the all-volunteer force, and the impact a revised GI Bill might have on the nation.

First, the Montgomery GI Bill needs to be overhauled. We called for that in our resolutions that we adopted in October of 1998. Private and government education plans are now more attractive than the GI bill. And, the Montgomery GI Bill benefits have not kept pace with the escalating costs of higher and technical education. College tuitions have risen not only faster than inflation in the last decade, but also faster than health care costs. This is particularly true in state-related institutions that were forced to raise tuitions drastically in the early 1990s to offset the effects of the recession on overall state income. These higher tuitions, for the most part, as well as increased fees and rising costs of books, have not been rolled back. These facts were recognized in testimony throughout the 106<sup>th</sup> Congress and in the report of the Principi Commission.

Secondly, 1998 and 1999 have been years of tough recruiting for all of the services. I have already shared with you the extent of the recruiting challenge that America’s Army is facing this year. You are aware that despite massive efforts by the recruiters in our nation’s communities, these

targets will not be fully attained. The Active Army will probably miss its target by 5,500 soldiers and the Army Reserve by 9,000 soldiers.

Educational benefits are still the number one reason soldiers give for joining the Army. This is true in the active Army, the National Guard, and the Army Reserve. In most cases, the Army recruits from the pool of young men and women who are not “propensed to serve.” It is the power of articulating benefits that ultimately provides the persuasive edge in getting a young man or woman committed to enlist. Education is *the* mainspring for opportunities, motivation, and the path to the future. This was as true then, when the original GI Bill was enacted some 55 years ago, as it is now. Moreover, two-thirds of the force is married. By increasing education benefits, the nation is reducing the economic onus on those servicemen and servicewomen with families who want to continue their education once they leave military service.

The first GI Bill launched this nation on a path of economic development unmatched in history. We are still reaping the benefits of the efforts of the “greatest generation” that went to school on the GI Bill after World War II and Korea. We now need to make a comparable investment in the generation that will secure our nation’s future in the first half of the 21<sup>st</sup> Century.

The two-tiered approach in H.R 1071 of revamping the Montgomery GI Bill makes good sense. It offers a better package to those soldiers, sailors, airmen, and marines that sign up for four years. It also makes two and three-year enlistments more attractive. While we are also attracted to H.R. 1182,

H.R. 1071 corrects the inequity caused by the changeover from VEAP to the Montgomery GI Bill.

In general, both bills are good for America where education is key to success and opportunity. They are good for reaffirming that we want to make military service the first choice of high school graduates, not the last choice. And, rather than view service to the nation as a detour to college plans, they empower our youth to take full advantage of their intellect by going to the college of choice upon completion of their service. H.R. 1071 indeed provides the financial edge to young men and women. It gives them a GI Bill that allows access to our nation's best educational institutions and is limiting only by their own innate abilities, aspirations, and initiative.

I would also ask the committee to undertake a review of how the enhanced Montgomery GI Bill impacts on the reserve components. State educational incentives give the Army National Guard and Air Guard in 37 states distinct advantages in attracting quality recruits when compared to the Federal Reserves. I have already noted that the Army Reserve is slated to miss its recruitment goals in FY 1999. Given that we now are operating under three concurrent Presidential Selected Reserves Call-Ups, educational incentives for the federal reserves warrant a careful review to insure that we can fully meet the manning and deployment objectives of the Total Force.

Finally, I would like to conclude the testimony for the record by citing that we ask our soldiers to tackle the tough jobs across the globe in defense of the nation. America's leadership position is secure by virtue of the fact that young men and women are willing to serve – in the active component, National Guard, and Army Reserve. Our Total Force is committed more

than ever – deploying across the globe in support of our Strategy of Engagement. It is the educational opportunities that lead them to volunteer for service, and it is educational benefits that permit them to grow as productive citizens in this great republic. In my humble opinion, it is the enhanced Montgomery GI Bill that is central to maintaining the all-volunteer force. So, it should be and must be revamped. It will send strong signals to potential recruits, their parents and mentors, as well as to those already serving. This is the right thing to do. The revamped Montgomery GI Bill has the power to enhance not only our national security, but also to enhance our future economic security.

**Biography of Lieutenant General Theodore G. Stroup, Jr., USA Ret.  
Vice President, Association of the United States Army**

General Theodore G. Stroup Jr., has served as AUSA's Vice President, Education, and Managing Director of the Institute of Land Warfare since January 1997.

At the time of his retirement from active service, General Stroup was serving as the Army's Deputy Chief of Staff for Personnel, having served in that position since 1994.

As a combat engineer, General Stroup commanded at all levels through battalion. His Vietnam service was from January 1966 to April 1967, during which he was a construction engineer in the U.S. Army Support Command, Vietnam; aide-de-camp to the commanding general of the 1<sup>st</sup> Logistics command; and commander of Company C, 864<sup>th</sup> Engineer Battalion (Construction). In Germany (1978-80), General Stroup commanded the 293<sup>rd</sup> Engineer Battalion (Combat Heavy).

Within the U.S. Army Corps of Engineers, he served as the Assistant Director, Civil Works, in Washington, DC (1981-1982), and as Commander of the U.S. Army Corps of Engineers District, Fort Worth, Texas, from July 1982 until January 1985. His staff duty includes service as an Engineer Personnel Management Officer, U.S. Army Military Personnel Center (1973-76). He then served as a manpower analyst in the Office of the Chief of Staff until January 1978.

General Stroup has also been assigned as Executive Officer to the Army Vice Chief of Staff (1985-86), and as Deputy Director of the Headquarters Reorganization Study, Army Reorganization Commission, under the Office of the Secretary of the Army.

General Stroup also served as Deputy Chief of Staff for Resource Management, U.S. Army Training and Doctrine Command, and as Director for Military Personnel Management in the Office of the Deputy Chief of Staff for Personnel. He also was Director for Program Analysis and Evaluation in the Office of the Chief of Staff.

General Stroup was commissioned through the U.S. Military Academy in 1962 and later served as a course director in the Academy's Military Science Branch (1968-71).

General Stroup is a licensed professional civil engineer in Texas and Pennsylvania. He holds a Master's degree in Civil Engineering from Texas A&M University, and a Master's in Finance and Economics from the American University, and is a graduate of the U.S. Army Command and General Staff College, Armed Forces Staff College and U.S. Army War College.

General Stroup's additional community and volunteer activities include: Member, USMA Association of Graduates Strategic Planning Committee; Vice President, West Point Society of Washington DC; Vice President, Class of 1962 USMA; Director, Army Historical Foundation; Director, Army Engineer Regimental Association; Fellow, Society of American Military Engineers; Chairman, USMA Bicentennial Committee, Washington DC area; Member, Personnel – Technology Committee – National Research Council of National Academy of Science; Member, Board of Advisors, Keller Graduate School, Chicago, Illinois; Member, American Society of Civil Engineers; Fellow, Inter University Seminar of Society and Armed Forces.

**Neither General Stroup nor the Association of the United States Army has received any federal grants or contracts relative to the subject matter of this testimony during the current or previous two fiscal years.**

**STATEMENT OF  
THE RETIRED OFFICERS ASSOCIATION**

on

**The Future Role of the Montgomery GI Bill**

before the

**Subcommittee on Benefits  
House Veterans' Affairs Committee**

**May 20, 1999**

**Presented by**

**Colonel Robert F. Norton, USA (Ret.)  
Deputy Director of Government Relations  
The Retired Officers Association**

## INTRODUCTION

The Retired Officers Association (TROA) is very grateful to the Chairman and distinguished members of the Subcommittee on Benefits of the House Veterans' Affairs Committee for the opportunity to express our views on the future -- and future role -- of the Montgomery GI Bill.

TROA is the fourth largest military veterans organization with nearly 400,000 members. Our membership consists of veterans and survivors who are retired officers, active duty and National Guard / reserve officers of the seven uniformed services and their surviving spouses. Collectively, there are 1.67 million military retired veterans who have or are using GI Bill benefits authorized by Congress since the end of World War II.

As a founding member of The Military Coalition (TMC), TROA works closely with the 29 other veterans and military organizations in The Coalition, representing the collective interests of over 5 million current and former members of the seven uniformed services, plus their families and survivors. TMC's Committee structure includes a Veterans' Committee which works veterans issues for The Coalition. This Statement, however, represents the views of TROA alone. TROA does not receive any grants or contracts from the federal government.

### ROLE OF THE MONTGOMERY GI BILL

The Montgomery GI Bill serves two broad purposes: attract talented young Americans to military service and enable them after separation to obtain the training and skills needed to make a successful transition to civilian life. The original post-World War II GI Bill was enacted to accomplish only the second objective, since recruitment incentives were not needed during the draft era and, more importantly, the readjustment of the huge veteran population back then was a major social and economic goal. The Montgomery GI Bill's dual purposes need to be re-calibrated or balanced from time to time to achieve optimum effectiveness in serving the armed forces' manpower requirements as well as encouraging the use of the benefit for individual and societal benefit.

From this perspective, TROA is pleased to offer some general observations on the future role of the Montgomery GI Bill. The subject of today's hearing and the two bills (H.R. 1182 and H.R. 1071) under the Subcommittee's consideration are largely the result of the work of The Congressional Commission on Servicemembers and Veterans Transition Assistance ("Principi Commission"). The Commission submitted its Report to the Chairmen and Ranking Members of the House and Senate Committees on Veterans' Affairs and Armed Services on January 14, 1999.

TROA commends the Honorable Tony Principi, Chairman of the Commission, Vice Chairman Kim Wincup, the Commissioners and professional staff for their contribution to the well-being of all veterans including military retirees as well as the larger society. The Report constitutes the most comprehensive examination of veterans benefits programs since World War II. TROA was pleased to testify before Commission roundtables on a number of topics and to provide background information to the Commission on a range of issues. Before addressing MGIB improvements, TROA would like to make it clear that we feel very strongly that the Subcommittee should address the VEAP Conversion problem as the first order of business in updating the education benefits package for servicemembers and veterans.

#### **VEAP Conversion -- The First Order of Business**

Over the past two and one-half years, TROA has heard from many career active duty servicemembers who have been "left behind" with a fourth class education benefit. As the backbone of today's fighting force, they were surprised to learn that the Senate had incorporated a number of the Principi Commission recommendations for the MGIB in S. 4, the Soldiers', Sailors', Airmen's and Marines' Bill of Rights Act, with one exception being "VEAP Conversion." They find it hard to believe that Congress would be willing to authorize huge increases in education benefits for new recruits and first or second termers, but leave them behind with a benefit that is woefully inadequate. The current situation stems

from bad advice that the Defense Department and Service counselors gave to VEAP participants.

The Post-Vietnam Era Veterans Educational Assistance Program (VEAP) permitted individuals who first became members of the armed forces during the VEAP era (1977-1985) to contribute up to \$2,700 to a personal education account matched 2 for 1 by the Department of Defense. Aside from Service "kickers," the maximum education benefit from VEAP is \$8,100, of which one-third (\$2,700) is paid by the member. Compared to the current MGIB basic rate of \$528 per month, VEAP users would exhaust the government-funded portion of the maximum benefit in only 10 months or about one academic year.

But the greater problem is that for years Service counselors advised VEAP participants to cash out of their VEAP accounts and invest the money for their education in the belief that they could make a VEAP contribution before separating. When Congress enacted VEAP conversion legislation in 1996, a legal ruling determined that only those with a balance in their VEAP accounts were eligible for conversion to the MGIB. The Principi Commission report states that there are approximately 103,000 VEAP-era participants eligible for benefits. The Commission recommended that they be allowed to become eligible for the MGIB by agreeing to pay the \$1,200 entry premium. The cost of this initiative is estimated to be about \$200-300 million, but this figure may not take into account the substantial offset savings to the Department of Veterans Affairs by lowering and terminating at an earlier date the overhead costs for administering VEAP.

*As a matter of fairness and morale for the active duty career force and to enhance their readjustment opportunities, The Retired Officers Association strongly supports "VEAP Conversion" as recommended by the Principi Commission. TROA urges passage of the conversion provision in H.R. 1071, and, to reduce the cost of this measure the Association would not object to requiring payment of the \$1,200 premium as endorsed by the Commission.*

Below is a chart that captures major elements of the two legislative proposals -- H.R. 1182 and H.R. 1071 -- under the Subcommittee's consideration, alongside the Principi Commission recommendations.

**Montgomery GI Bill Enhancements**

	Principi Commission	HR 1182	HR 1071 -- Tier 1	HR 1071 -- Tier 2
<b>Service Commitment</b>	48 months	48 months	48 months	<48 months
<b>Tuition &amp; Fees</b>	Full	90%	Full	(NA)
<b>Books &amp; Supplies</b>	Full	Full	Full	(NA)
<b>Basic Stipend</b>	\$400	\$600	\$800	\$900
<b>Pay Reduction (\$1200)</b>	Repeal	Repeal	Repeal	Repeal
<b>Benefit Months</b>	36	36	36	36
<b>Usage Period</b>	10 years	10 years	10 years	10 years
<b>Accel. Payments</b>	Yes	No	Yes	(NA)
<b>Transferability</b>	Yes	No	No	No
<b>Income Exclusion</b>	Yes	Yes	Yes	Yes
<b>VEAP Conversion</b>	Yes	No	No	Yes

*Tuition, Fees / Books and Supplies.* Both bills would cover most or all education and training programs for which a veteran could qualify. In other words, enactment of tuition and related expense coverage would bring back the "buying power" of the original GI Bill used by

millions of veterans after World War II. None of the succeeding GI Bill programs offered tuition / fees payments.

In a hearing before the Senate Armed Services Committee on September 29, 1998, the Chairman of the Joint Chiefs, General Hugh Shelton, and the Service Chiefs testified that in their view a strengthened MGIB would help recruiting. TROA agrees. As a practical matter, there may not be much difference in recruiting between the full tuition and fees in H.R. 1071 or the 90% level in H.R. 1082. Compared to the current benefit level, however, and the goal of making military service a student's first option, the proposals should greatly help recruiting.

The Services may have concerns over whether volunteer force reenlistment and retention goals would be helped or hindered a few years down the road by a full or near-full tuition and fees education benefit. Reenlistment and exit surveys should be used to further explore the relationship between a full or near-full tuition benefit and reenlistment behavior, assuming the legislation is enacted. The departure of mid-career professionals in critical specialties is a matter of increasing urgency from a military readiness perspective. Adjustments to the MGIB must be carefully evaluated to ensure the right mix of high quality servicemembers is encouraged to remain for a full career.

As a transition tool for veterans, there should be little doubt that a full tuition benefit would help reverse the steady decline in MGIB usage and is likely to raise usage to historically favorable levels. The Principi Commission pointed out that the MGIB usage rate between 1987 and 1997 is only 37.3%. By comparison, the Vietnam-era GI Bill usage rate for the first ten years was 63.6%. The Commission found that "payment of tuition improves participation."

*The Retired Officers Association endorses as its top priority for the two bills (H.R. 1182 and H.R. 1071) the provisions that would authorize full or near full tuition, fees, books and supplies under an enhanced MGIB.*

*Speeding Delivery and Access to MGIB Benefits.* 60% of servicemembers are married when they separate. Many have dependent children. Consequently, most are required to seek full-time employment immediately after separation to make ends meet. Even if many would prefer to go to school or training full time, they are often forced to pursue their goals on a part-time basis. TROA agrees with the Principi Commission's view that more needs to be done to speed delivery of MGIB benefits to veterans (including military retirees) to encourage usage even on a part-time basis. For example, the Commission recommended that Congress authorize accelerated payments of MGIB benefits. We believe Congress should direct the Department of Veterans Affairs to exploit the potential of financial and technological innovations to speed access to earned MGIB benefits. TROA believes that improving delivery systems will stimulate greater use of the MGIB.

TROA believes that today's technology-literate veterans could take advantage of MGIB "smart card" accounts, on-line verification of coursework, accelerated payments of benefits for specialized, high-cost, short-duration training as well as traditional academic work. Unfortunately, the VA's delivery system is anchored in a paper-based system and outdated approval processes. Much more needs to be done in this area if other proposed enhancements are to realize their full potential.

*The Retired Officers Association recommends that MGIB enhancement legislation include authorization for accelerated payments (H.R. 1071) of benefits and rapid exploitation of modern delivery vehicles such as on-line MGIB accounts and benefit "credit cards".*

*Repeal of Pay Reduction.* H.R. 1182 and H.R. 1071 would implement the Principi Commission recommendation to eliminate the \$1,200 pay reduction that is required for eligibility for the MGIB. The effect of this initiative is unknown on both the front and back ends of the recruitment and readjustment phases of military service. The sign-up rate for the MGIB for new entrants into the service has held steady at about 98%. Thus, the enlistment rates might not increase appreciably with the repeal of the pay reduction. In theory, veterans who have invested in their own benefits should be more encouraged to recoup their investment and more.

TROA agrees with the Commission recommendation to repeal the \$1,200 pay reduction. However, if cost considerations drive the level of planned MGIB enhancements down, we would reluctantly support retaining the pay reduction in favor of tuition coverage and increasing the monthly stipend. In this regard, TROA recommends that the Subcommittee direct the CBO, the Department of Defense and the Secretary of Veterans Affairs to develop estimates on the separate costs of each of the initiatives proposed in the two bills. This would help stakeholders to assess the trade-offs associated with proposed MGIB enhancements.

*The Retired Officers Association supports repeal of the MGIB pay reduction upon entry into service to the extent that the costs are not used to downgrade other essential MGIB enhancements such as tuition coverage and an increase of the monthly stipend.*

*Transferability.* In March, TROA testified that it favored the Commission recommendation to permit a Service Secretary to permit a MGIB participant to transfer the benefits to a spouse or dependent children. We recommended, however, that the transfer authority should be used as a career incentive for those with about 15 years service. We continue to believe that the transfer option has merit, but recommend further study on the cost and policy implications of the initiative.

*Absence of Selected Reserve MGIB Enhancements.* Mr. G.V. Sonny Montgomery championed inclusion of National Guard and Reserve forces' members in his landmark legislation for the MGIB, recognizing their growing contribution to the national defense. We believe that if Mr. Montgomery were invited to testify before the Subcommittee he would express great dismay, if not alarm, that there are no Selected Reserve MGIB enhancements in H.R. 1182 and H.R. 1071. This is unacceptable from the perspective of the nation's "total force" policy. It is also politically unwise.

Three separate Presidential Selected Reserve Call-Up Authorities are simultaneously in use today. The most recent is the call-up of the Guard and Reserve to augment the forces committed to the Kosovo crisis. Reserves also have been activated for support of ongoing operations in Bosnia and under a separate authority, operations in South West Asia to contain Saddam Hussein. As full partners, Guard and Reserve members -- a majority of whom are active duty veterans -- deserve comparable enhancements to Selected Reserve MGIB programs.

MGIB benefits are available to members of the Selected Reserve under two separate authorities. Active duty members who agree to a four year commitment in the Selected Reserve after successfully completing their active duty commitment are authorized certain enhanced MGIB benefits under Section 3012 of Title 38. Individuals who join the Selected Reserve directly are authorized educational assistance under Chapter 1606 of Title 10. To encourage recruitment of experienced high-quality active duty veterans into Guard and Reserve units, the benefits authorized under Section 3012 should be enhanced along the lines proposed in H.R. 1182 and 1071. The Subcommittee staff should work with the Military Personnel Subcommittee of the House Armed Services Committee to develop similar adjustments to the Title 10 MGIB program for members of the Selected Reserve. As a minimum, members of the Selected Reserve should be authorized accelerated MGIB benefits on the same basis as proposed in H.R. 1071; in addition, the delimiting date for MGIB usage should be extended for members entitled to MGIB benefits who successfully complete their service commitments.

*The Retired Officers Association recommends that MGIB enhancement legislation be amended to include appropriate enhancements for members of the Selected Reserve.*

## CONCLUSION

The Retired Officers Association deeply appreciates the Chairman and distinguished members of the Subcommittee on Veterans Benefits for holding a hearing on the future of the Montgomery GI Bill. In a volunteer force era, the MGIB serves not only the needs and potential of America's veterans but also the broader national security, economic, and social needs of the country as we look to the 21<sup>st</sup> Century. The Subcommittee has taken a bold step by looking into the future role and potential of the Montgomery GI Bill. TROA will do all that it can to advance legislative initiatives that will further enhance the MGIB.



## **Air Force Sergeants Association**

International Headquarters, P. O. Box 50, Temple Hills, MD 20757-0050 • Phone: (301) 899-3500

May 17, 1999

**The Honorable Jack Quinn  
Chairman, Subcommittee on Benefits  
Committee on Veterans' Affairs  
United States House of Representatives  
337 Cannon House Office Building  
Washington, D.C. 20515-6338**

Dear Mr. Chairman,

The attached testimony is submitted in accordance with your letter of April 22, 1999. Unfortunately, pressing association business will not allow us to present the testimony in person.

I respectfully request you permit consideration of and introduction into the record the written testimony which reflects the position of the 150,000 members of this association. Thank you for the opportunity to share the concerns of our members with your committee.

Sincerely,



**JAMES D. STATON**  
Executive Director

Attachment: a/s



May 20, 1999

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**Statement By**

**Joshua W. Krebs**  
**Chief Master Sergeant, USAF (Ret.)**  
**Manager, Legislative Affairs**

**House Committee on Veterans' Affairs**

**Subcommittee on Benefits**  
**on the**

**Future Role**  
**of the**  
**Montgomery G.I. Bill**

**Air Force Sergeants Association**

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**the National Military and Veterans Alliance**

**CURRICULUM VITAE  
AND  
ORGANIZATIONAL DISCLOSURE STATEMENTS**

**CURRICULUM VITAE**

Joshua W. Krebs, CMSgt (Ret.)  
Manager for Legislative Affairs  
Air Force Sergeants Association

Chief Master Sergeant (Ret.) Joshua W. Krebs is the Air Force Sergeants Association Manager for Legislative Affairs. In this capacity, he serves as a registered Congressional lobbyist and represents the interests of active and retired enlisted members of all components of the Air Force on Capitol Hill.

During his 25-year Air Force career, Chief Krebs' duties covered a wide range of positions within the Personnel career field. His final Air Force assignment was as Chief of the Enlisted Skills Management Section, USAF Directorate of Personnel at the Pentagon, where he was responsible for a wide array of enlisted force structuring programs.

Chief Krebs is a graduate of the USAF Senior NCO Academy at Maxwell AFB, Gunter Annex, AL and holds an Associates Degree in Human Resource Management from the Community College of the Air Force.

**DISCLOSURE**

Neither the Air Force Sergeants Association (AFSA) nor the Non Commissioned Officers Association (NCOA) have received a grant (and/or subgrant) or a contract (and/or subcontract) with the federal government for the past three years.

Mr. Chairman and distinguished committee members, thank you for this opportunity to present what we believe should be the future role of the Montgomery G.I. Bill. As a nation, we ask our servicemembers to turn their mortal beings over to the dictates of their country. Their term of service is always arduous, and the job they do for all of us is fantastic. This committee among all segments of our national leadership holds the key to protecting and honoring our nation's warriors. You, in a very real sense, are the conscience of a nation in ensuring that our veterans are viewed as a vital national resource.

Historically, many members joined our Armed Forces to get an education. But today, the education benefit available to them is appalling. I cannot state the problem better than Representative Bob Stump who said: "First, when high school students consider their post-high school plans, we want them to consider military service as their *first* option, not their *last*. It is no wonder the Army, Navy, Air Force and Coast Guard are experiencing major recruiting problems. Most college-bound youth and their parents see a tour of military service as a detour from their college plans, not as a way to achieve that goal. We want to reverse that way of thinking." or former Representative Sonny Montgomery who said: "The costs of education have soared since 1985 but the G.I. Bill benefit level has not increased accordingly. If this program isn't improved, the G.I. Bill will become a hollow program with little value as a readjustment benefit or recruitment tool."

As you debate expanding the educational opportunities available for new enlistees and for those who reenlist, we ask that you not forget those approaching 20 years of service. Those who entered the service after December 31, 1976, and before July 1, 1985, were offered the Veterans Educational Assistance Program (VEAP). Within that program, the military member contributes up to \$2,700 which the government matches with up to \$5,400. VEAP pays \$300 a month for 27 months; however, there are approximately 55,000 members who came into the service between 1977 and 1985 who chose not to participate in VEAP because it was considered a relatively poor benefit in relation to the actual cost of classes. These G.I.s are now retiring (20-plus years of service) *without any educational benefit*. AFSA wonders what impact they will have on recruiting when they tell the young high school graduate they served 20 years and have no education benefit.

Since 1985, the Montgomery G.I. Bill has been offered to new airmen entering the Air Force. If an airman chooses to participate, this program requires a \$1,200 payroll deduction, \$100 during each of the member's first 12 months of service. For that \$1,200, the member receives an educational benefit of \$528 per month for 36 months -- falling far short of covering the cost of tuition, room and board, fees, books and transportation. *Also, the airman's enrollment decision must be made at basic military training; it is a one-time, irrevocable decision.* At that critical juncture, many choose not to participate because they can't afford to do so due to their already-relatively- low pay. *We ought to eliminate the current \$1,200 payroll reduction taken from each member who opts to enroll in the MGIB.* If the fee

cannot be eliminated, we need to, as a minimum, allow new enlistees the opportunity to enroll in the MGIB at anytime during their initial enlistment.

The 1997 VA Authorization Act created an open window for some VEAP participants to convert to the MGIB. However, 110,000 (DoD-wide) VEAP participants were excluded from converting to the MGIB because *government counselors* gave them faulty information. We have received dozens of phone calls and letters decrying the fact that these airmen followed the rules; but were excluded because the government decided to change the rules at the last minute. Under VEAP, there is a 2-for-1 matching. If you have money in your VEAP account, it is non-interest bearing. *Accordingly, education counselors in all services advised VEAP participants not to put money into their VEAP accounts until they were ready to use the benefit.* Unfortunately, when the 1997 VEAP-MGIB window opened, the law allowed only those with money currently in their accounts to convert to MGIB. Tens of thousands of VEAP participants were excluded from the conversion because they followed the guidance of government counselors. *In basic fairness, we need to reopen that window one more time and allow all currently serving military members to convert to the MGIB.*

Because many enlisted members have no choice but to go to work immediately after retirement, many never use their MGIB educational benefit. Those that are unable to use the benefit (many of whom have given the government \$1,200 to invest for a significant long-term return) don't receive a cent in return from the government. *In fairness to them, and in recognition of their unique sacrifices and risks, participating members should be allowed to transfer their educational benefit to family members – we ask your support in that regard.*

With all the national attention on educational programs, it is important that we include military members in that dialogue. I again quote Representative Stump: "For 223 years, military service has been our nation's most fundamental form of National Service. When we talk about education policy in this country, I think our starting point is that we owe more to those who voluntarily have worn the uniform because they have earned more by virtue of their years of service. The fundamental difference between the G.I. Bill that we propose and other meritorious federal student financial aid programs is that ours is truly earned."

Perhaps the *Air Force Times* got it right in a recent editorial. "... The lack of support includes Pentagon personnel officials who worry that too greatly enriching the GI Bill could damage retention. They fear that having significantly more money for college might not only entice people to join the military, but also persuade them to leave earlier to cash in on that great benefit. ...

The solution could be a GI Bill benefit that increases in value with every enlistment.

For an initial three-of-four year commitment, offer recruits a modest increase in monthly benefits, eliminate the \$1,200 enrollment fee and allow accelerated payments. As length of service increases beyond that point, begin to offer some of the other improvements now being discussed on Capitol Hill. Cover an increasing percentage of tuition fees. Offer additional monthly stipends. And, for those who ultimately serve for 20 years, allow them to transfer their GI Bill benefits to family members.”

In conclusion, Mr. Chairman, we thank you for this opportunity to present the views of the Air Force enlisted community. As you debate the proper focus of future VA education programs, AFSA asks that you remember those who are already serving as well as those who are already retired and also provide them a viable education benefit. On behalf of all AFSA members, we appreciate your effort and, as always, are ready to support you in matters of mutual concern.





*Gold Star Wives of America, Inc.*

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**Statement of**

**Margaret Murphy Peterson, Legislative Committee Director  
Gold Star Wives of America, Inc.**

**Before the**

**Committee on Veterans' Affairs  
United State House of Representatives**

**Concerning**

**The Montgomery GI Bill Improvement Act of 1999 (H.R. 1071)  
and  
Servicemembers' Education Opportunity Act of 1999 (H.R. 1182)**

**May 20, 1999**

**Mr. Chairman and Distinguished Members of the Committee:**

Gold Star Wives of America, Inc., is a federally chartered veteran service organization comprised of the widowed spouses of military service members who died while on active duty or who died as a result of service-connected disabilities.

**Our organization fully supports both H.R. 1071, introduced by Representative Lane Evans, and H.R. 1182, introduced by Chairman Stump.** The provisions of both bills would enable veterans to attain their potential, so that they may later be leaders in all aspects of civilian life. As a result of their military training, veterans typically are more resilient, resourceful, independent and directed than their civilian counterparts. The original post-WWII GI bill was perhaps our country's most successful social program, exceeding all accomplishments of the 1960's Great Society movement. We do not look back at the cost of the original GI bill because veterans repaid it many times over as they used their education to forge their way to leadership positions in industry, education, government, and the professions. This present generation of young active duty servicemembers, more than any generation before them, requires an education in order to achieve leadership positions throughout American society. Today's military is serving its country with distinction, and Gold Star Wives believe that we will have a better future if these young people are given the opportunity to realize their potential.

The proposed education benefits, however, offer no provision to include surviving spouses and children of servicemembers who gave their lives for this country. Just as veterans face a transition when leaving the military service and entering civilian life, so do military/veterans' spouses and children experience a tough transition when they become widows and orphans. Our transition usually involves the uniquely military hardships including eviction from quarters, a major household move, and taking the children out of school - many times in mid-year, in addition to the usual hardships including sudden substantial loss in household income and emotional turmoil.

**Gold Star Wives is proposing that survivors and children of those who died on active duty or who died as a result of service-connected disabilities also be included in the education bill which is ultimately chosen to go forward.** In 1998, only 2331 widows (less than 1% of all DIC recipients) used their Survivors and Dependents Educational Assistance benefits. The participation rate is low because the benefit primarily appeals to, and benefits, the younger widowed spouse, who typically is raising children. The current program which pays \$480 per month, barely pays the child care. There is rarely money left over for tuition or books. These educational expenses are largely paid from the widow's DIC and Social Security, which is hard to justify to the children.

The surviving spouses most likely to use the new education benefits will be the survivors of young servicemembers, and young 100% disabled veterans. It is a wonderful legacy! And, the country would also win. A servicemember's family members are typically resilient, resourceful, independent and adaptable. We family members should also have the opportunity to become leaders in our society.

**CURRICULUM VITAE**

Margaret Murphy Peterson is the unremarried widow of Cpt. James W. Peterson, U.S. Army, who was killed in Vietnam in 1971. Their son, OS2 Eric J. Peterson, has made the U.S. Navy his career. Margaret has been a member of the Gold Star Wives of America, Inc., since 1991. She is a lifetime member, serves on its Board of Directors and holds the position of National Legislative Director. She also is a member of the Department of Veterans Affairs National Cemetery Administration's Advisory Committee.

Margaret used her VA educational benefits for all four years of college and her first year of law school.

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**DISCLOSURE STATEMENT**

Neither Ms. Peterson nor the Gold Star Wives of America, Inc., has received any Federal Grant or contract during the current or previous two fiscal years relative to the subject matter of the testimony.

## WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

Response to Follow-up Questions of Honorable Lane Evans  
From Vice Admiral Patricia A. Tracey  
From the Hearing on H.R. 1071 and H.R. 1182  
April 21, 1999

In your testimony, you noted that for School Year 1998-99, the Montgomery GI Bill will cover approximately 70 percent of tuition and fees.

Question: Would you clarify this statement for me, please? Does this figure apply to public or private schools?

Answer: Each year the National Center for Education Statistics, U. S. Department of Education, prepares a report on the costs of all four-year institutions. It publishes cost data for public and private institutions, as well as a composite cost for all four-year institutions. The latest report, dated November 1998, was based on data from the Higher Education General Information Survey. The "70 percent of tuition and fees" that I cited in my testimony is from the Department of Education report and represents the composite costs for all four-year schools.

Question: What percentage of tuition and fees at private schools are now covered by the GI Bill?

Answer: The offset for private school tuition and fees is approximately 34 percent for School Year 1998-99.

Question: If one takes into account total costs of college, what percentage of tuition and fees are covered at public four-year institutions? At private four-year institutions?

Answer: For School Year 1998-99, the offset for public school total cost (tuition, fees, room and board) is approximately 60 percent, and the offset for private school total cost (tuition, fees, room and board) is approximately 24 percent.

In your statement, you expressed concern that a Montgomery GI Bill that is too generous could result in increased retention problems. You also note that the bills we are reviewing today are not helpful for force-manning.

Question: In what specific ways could H.R. 1071 be amended to satisfy your concern regarding its effect on recruitment and force-manning?

Answer: To adequately prepare a Departmental position on this issue, we have initiated a contract to provide an estimate of the recruiting and retention effects of H.R. 1071. We expect preliminary results within the next four weeks and will share those with you. With regards to force-manning, in addition to the benefits of the Montgomery GI Bill, the Services should be authorized to offer enhanced enlistment bonuses to those who enter in the hard-to-fill or critical occupational specialties.

Congressman Evans to Maj. Gen. Gary L. Parks, Commanding General, U.S.  
Marine Corps Recruiting

HOUSE ARMED SERVICES COMMITTEE  
HEARING ON: MONTGOMERY GI BILL IMPROVEMENTS ACT OF 1999 &  
THE SERVICEMEMBERS EDUCATIONAL OPPORTUNITY ACT OF 1999  
21 APRIL 1999  
QUESTION FOR THE RECORD  
QUESTION # 1

**Honorable Lane Evans:** Under current law, you are prohibited from offering both an enlistment bonus and a GI Bill "kicker" to a new recruit. We on the Armed Services Committee tried unsuccessfully to eliminate that prohibition last year.

Would you describe for the Subcommittee the effect of this prohibition on your ability to recruit the young people you need? It must be a real problem for some of you.

**Major General Parks:** The Marine Corps first sells its applicants on the intangibles of being a Marine; the ethos and core values of Honor, Courage and Commitment. However, tangible benefits, such as Enlistment Bonus and Marine Corps College Fund are critical programs used to recruit highly qualified applicants into "high tech" Marine Corps skill groups. The ability to offer both programs to a qualified applicant would only further enhance the options our recruiting force has available to them to assist in enlisting quality individuals.

HOUSE ARMED SERVICES COMMITTEE  
HEARING ON: MONTGOMERY GI BILL IMPROVEMENTS ACT OF 1999 &  
THE SERVICEMEMBERS EDUCATIONAL OPPORTUNITY ACT OF 1999  
21 APRIL 1999  
QUESTION FOR THE RECORD  
QUESTION # 2

**Honorable Lane Evans:** When Chairman Montgomery was working on the GI Bill in the early 1980's, the services told him again and again that they needed the tools required to recruit "the best and the brightest" young people. All of the services, including the Army, told him that sophisticated weapons systems, then being developed, required servicemembers who could operate these complicated pieces of machinery. That was a long time ago – and I know that the equipment used today is even more complicated – and the training required to become proficient on these weapons is even more challenging. It takes three years for recruits who score average or below on the enlistment test to achieve average performance levels. The recruits with the highest score – those in Category 1 – reach the same level of performance within a matter of months. That's a big difference in training time.

Given this, doesn't it make sense to do what it takes to recruit the smartest kids? And, isn't an improved Montgomery GI Bill the best way to recruit those smart kids?

**Major General Parks:** The Marine Corps endeavors to provide quality combat ready Marines to the Fleet Marine Force who will complete their first term of enlistment. To this end, the Marine Corps continues to recruit and access recruits that exceed the quality standards established by the Department of Defense. Our recruiting program emphasizes the ethos and core values of the Marine Corps that are so treasured by the American people. The results are that we have a higher quality, combat ready force capable of dealing with the battlefield demands of the 21st century. An improved Montgomery GI Bill would continue to provide quality applicants with the ability to further their education and would assist in recruiting quality applicants.

HOUSE ARMED SERVICES COMMITTEE  
HEARING ON: MONTGOMERY GI BILL IMPROVEMENTS ACT OF 1999 &  
THE SERVICEMEMBERS EDUCATIONAL OPPORTUNITY ACT OF 1999  
21 APRIL 1999  
QUESTION FOR THE RECORD  
QUESTION # 3

**Honorable Lane Evans:** I know that some of you have chosen to reduce the percentage of high school diploma graduates you recruit to 90% -- down from 95%. You have also made the decision to relax your aptitude standards, and require that only 60% of your recruits score above average on the enlistment test -- down from 65%. I understand the recruiting challenges you are facing -- but it seems to me it might be "penny wise but pound-foolish" to relax your quality standards. For example, 80% of high school diploma graduates complete their first three years of service -- compared with about 65% of young people who have GED's. At a cost of at least \$35,000 to replace each servicemember who leaves before completing his or her first term of service, it makes sense to me to have a meaningful GI Bill in place which will, without question, enable you to recruit the high school graduates you need. I'd like to have your personal thoughts about this.

**Major General Parks:** The Marine Corps has not lowered its high enlistment standards and there are no plans to do so. We continue to exceed all goals for quality accessions and contracting, with at least 95% high school graduates and 63% or greater coming from Mental Groups I-III A.

HOUSE ARMED SERVICES COMMITTEE  
HEARING ON: MONTGOMERY GI BILL IMPROVEMENTS ACT OF 1999 &  
THE SERVICEMEMBERS EDUCATIONAL OPPORTUNITY ACT OF 1999  
21 APRIL 1999  
QUESTION FOR THE RECORD  
QUESTION # 4

**Honorable Lane Evans:** The services have excellent voluntary education programs that help servicemembers go to college while on active duty. College work completed while on active duty, subsidized by tuition assistance helps to make the GI Bill go farther after service. This must be very attractive to potential college-capable recruits. Are you aggressively advertising the voluntary educational opportunity that you now maintain for you active duty servicemembers to potential recruits?

**Major General Parks:** The Marine Corps, at every major post and installation, has cooperative arrangements with colleges and universities to offer post-secondary educational opportunities. Some even include degrees up to the postgraduate level. Applicants who express an interest in educational opportunities are well informed on the programs available to them. Once enlisted, they can take full advantage of these opportunities as duty permits.

Congressman Evans to Nora Egan, Deputy Under Secretary for Management,  
Veterans Benefits Administration, Department of Veterans Affairs

Q. Ms. Egan, on page 3 of your testimony you point out that college costs have quadrupled in the last 20 years. If the GI Bill had been increased at the same rate, the basic benefit would now be \$1,200 per month - rather than the \$528 per month now being paid.

GPRA requires that programs and benefits be evaluated in terms of their effectiveness - how well they serve their beneficiaries. Clearly, the Montgomery GI Bill now fails that test. It is the responsibility of the Department of Veterans Affairs to acknowledge that failure - and take steps necessary to improve the program.

My question to you is - why wouldn't the VA budget for fiscal year 2001 include funding for significant, real and meaningful increases in the benefits paid under the Montgomery GI Bill? What possible reasons would there be not to provide the men and women who volunteer to serve in our Armed Forces an education benefit that would provide them access to even the finest schools in this country?

A. As you know, legislation was enacted in July of 1998 and effective October 1, 1998, increasing the full-time Montgomery GI Bill - Active Duty (chapter 30) basic benefit monthly rate to \$528. This represented a 20 percent increase. Although this increase helped, it did not fully address the gap in the VA basic benefit and the actual costs of today's education programs. VA is committed to providing the men and women who volunteer to serve in our Armed Forces an education benefit that would provide them access to the finest educational institutions in this country. Given the potential increased cost of the MGIB program and the need to provide PAYGO offsets, we need to develop better justification. To support this goal, we are currently involved in a program evaluation study of the MGIB and anticipate having the results of the study available in September of this year. If the results show that a significant increase in benefit payments is in order, we will have sufficient time to adjust the Fiscal Year 2001 budget prior to its submission to the Congress.

**RESPONSES TO FOLLOW-UP QUESTIONS by Cong. LANE EVANS  
to TESTIMONY GIVEN BY DR. STEVE F. KIME on MAY 20, 1999**

**Q: While on active duty, do servicemembers generally have the time, and the opportunity, to attend school?**

**A:** Many thousands of servicemembers attend college voluntarily on their own time. During FY 1998, 300,000 servicemembers enrolled in over 600,000 courses. Thirty-five thousand completed their programs and earned an associates, bachelors, or masters degrees through available off-duty, voluntary education programs. Great efforts are made by the higher education community, the Services, and DoD to make education available to them in both traditional and non-traditional modes. For those servicemembers for whom educational opportunity is a major factor in their personal development, the voluntary postsecondary education programs of the Services promote retention.

**Q: How would you suggest we structure an improved GI Bill that would not adversely affect retention?**

**A:** Retention is always a matter of making it more attractive to stay than to leave. There are of course numerous categories of life to which this calculation applies and education is one of them. As far as the education calculation goes, the servicemember must see educational opportunity in the context of a continued military career that is equal to or better than what is available to a veteran using the GI Bill. This means:

- Structuring the GI Bill so that active duty personnel get precisely what their veteran counterparts who have left service get.
  - *There must be no offset for other available financial help* (such as tuition assistance.)
  - Just as "means tests" are not permitted for veterans under existing Bills, active duty servicemembers must not be penalized for using a benefit that they have earned.)
- Fostering the judgment that "I don't have to leave service to get the GI Bill benefit that I have earned."
- Encouraging increased command attention to making voluntary postsecondary educational opportunity available to even more active duty servicemembers.
- Considering innovative approaches -- aimed specifically as incentives for retention -- to providing servicemembers time to complete college studies. (Make a generous GI Bill part of the retention solution rather than part of the retention problem.)

**Q: What will be the costs to the nation if we do NOT enact this Bill (H.R. 1182) or something similar to it?**

**A:** There will be both military and civil costs.

As it is now, the GI Bill does not actually fulfill the nation's promise of an education in return for military service. It does not pay enough of the costs to make it possible for most veterans, married with children and working, to get the education they need. Failure of the nation to keep a promise so important to the youth we recruit will cost us more and more as time and the lifelong learning revolution progresses. Why would succeeding generations of young people keep signing on to something that does not work? An excessively modest GI Bill will over time be seen as a recruiting gimmick. In very good times when other college

options and good jobs are plentiful, this perception will be hastened. The GI Bill MUST represent reasonable fulfillment of the promise. In my opinion, funding the costs at a 4-year public university as a non-resident student is the MINIMUM benchmark that should be set as the standard. This currently amounts to 36 monthly payments of \$900. ( See my testimony.)

The civil costs would be huge. Look at what the GI Bill did after World War II. We educated a generation of leaders and innovators, and we revolutionized the higher education process itself to make it work for all Americans. The increased revenues in taxes alone paid for the Bill many times, and the impact on national productivity was incalculable. Why would the nation not benefit now from educating those who demonstrate patriotism and tenacity by serving their country in uniform? It is a mystery that the calculations of the government with regard to the costs of improving the GI Bill consistently fail to consider the financial, not to mention the social, benefits that are gained.

The US military has long been an engine of social development. Many join the Services to better themselves. Increasingly the single most important factor in becoming a more productive, creative citizen is the availability of education. All of American society benefits when a recruit who might not otherwise have much of an opportunity to progress up the social ladder finds genuine educational opportunity through military service. Just as the word gets out on unfulfilled promises, the word gets out on fulfilled ones. Military recruiting benefits too.




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**NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS**


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2020 Pennsylvania Avenue N.W., Suite 1975 • Washington, D.C. 20006

The Honorable Lane Evans  
 Committee on Veterans Affairs  
 335 Cannon House Office Building  
 Washington, DC 20515

June 1, 1999

Dear Mr. Evans,

Thank you for the opportunity to expand on my testimony to the subcommittee on Benefits of the Committee on Veterans Affairs on May 20, 1999 regarding H.R. 1071 and H.R. 1182. Faith Stelitano, Chair, Education Committee and I developed the responses:

Mr. Guzman, in your statement you note that some veterans feel that the \$1,200 basic pay reduction currently required under the Montgomery GI Bill is, in your words, "taken away twice." Q. Because the student financial aid programs seem rather complicated to those of us who don't work with them regularly, would you further explain to the Subcommittee why veterans are twice penalized for this pay reduction? A. First, the service member "pays" for the MGB by having their pay reduced (\$100.00 per month for the first 12 months of service). Secondly, their financial aid reduces again not only the full \$1,200 but also the amount of the government contribution of the MGB. (The treatment of VA benefits by financial aid administrators is confusing to them too, as they do not apply their own rules universally, from college to college). Q. During our hearing on the Montgomery GI Bill last month, the Department of Defense witnesses expressed concern that an overly generous GI Bill benefit could encourage individuals to leave active duty. How would you suggest we structure an improved GI Bill that would not adversely affect retention? A. First, and most important, we need to dispel the idea that a tour of military service is a detour to education, rather it is an avenue. I do not agree with the DOD assumption that the GI Bill would adversely affect retention. On the contrary, I believe that an enhanced GI Bill would have the opposite affect. In the tiered proposal, the four-year enlistment or reenlistment is the tier that should appeal to most recruits or service members (for reenlistment) who view education as their goal. Enlisted service members would have to sign up for four years to receive the full benefit thereby ensuring that they serve for four more years beyond current service. Many of these enlistees will opt for a career of 20 or more years because of their investment in service after reenlistment. New recruits will have to serve for four years versus two or three years currently offered by the Army and Navy. Additionally, many veterans join the college ROTC programs and return to service; the enhanced GI Bill would allow them to attend these programs and help pay tuition costs. This program has its failings too in that many young people leave the military to complete their education and participate in a ROTC program. This group usually loses their GI Bill entitlement due to early separation to attend college. Enhancements should consider allowing participating veterans to use one month of benefit for each month of service with any remaining entitlement being reinstated with a 4-year commitment after commissioning. Q. The cost of enacting H. R. 1071 is inevitably raised as a concern. What, however, will be the costs to the nation if we do NOT enact this bill or something similar to it? A. I believe we are experiencing some of that cost now in low recruitment and retention. There are several factors that comprise a good recruitment/retention climate, a good faith, honest GI Bill is but one of those. Allowing an active duty person to use their GI Bill while on active duty at the same rate paid veterans would be another enhancement that would help to retain some members. We need highly qualified specialists in our military, low recruitment and retention forces DOD to lower standards and begs that we increase our in-service training programs such as GED. Speaking as a retired 30 year Air Force Veterans and senior enlisted advisor, high school drop out, and graduate from three college/universities, the GI Bill is not a make or break program for service recruitment and retention. Some of the other elements include personal treatment, training, family, deployments, and retirement benefits. Military service is comprised of a whole package of taking care of its people from "cradle to grave". Reinstatement of the draft and the impact on society is another cost of not enacting change to the current GI Bill.

Young, goal oriented people will not put their careers and education on hold without appropriate compensation and an alternative plan that keeps them on a level playing field with their peers. There must be some incentive and the GI Bill could be viewed again as that incentive. We also must acknowledge that not all kids are cut out for traditional college, but would do very well with a trade that may be learned in the military and further enhanced in a school once they return to civilian life, that is of course, if the GI Bill will pay for such programs.

Finally, the most important element of the enhanced GI Bill is to not use its resources in the computation of student Federal Financial Aid in any manner. This is an injustice to the veteran and evaporates the whole intent of the MGIB as a benefit of service.

Again, thank you for this opportunity to provide testimony on behalf of American Veterans.

Sincerely,



B. A. GUZMAN  
President

Congressman Evans to Peter S. Gaytan, National Legislative Director,  
AMVETS

**Follow-up questions from the Honorable Lane Evans from the  
Subcommittee on Benefits hearing of May 20, 1999**

**Q.** During our hearing on the Montgomery GI Bill last month, the Department of Defense witnesses expressed concern that an overly-generous GI Bill benefit could encourage individuals to leave active duty.

How would you suggest we structure an improved GI Bill that would not adversely affect retention?

**A.** To accurately answer this question we must first ask ourselves why we assume an improved GI Bill would adversely affect retention. As a recently discharged veteran of the United States Air Force, I can personally say that my decision to leave the military after five years of service, was not motivated by my desire to take advantage of the GI Bill. In fact, I never once met a transitioning military member who decided to leave the military because they realized they could use their GI Bill.

With the current climate in today's military of "doing more with less", servicemen and women have plenty of other reasons to leave the military. The aircraft mechanic who is working twelve hour shifts, eating box lunches on the flightline, and enjoying one day off per week, while living in a dormitory that has been condemned, does not need to look to the GI Bill for a reason to leave the military. The maintenance supervisor who is forced to cannibalize engine parts from grounded aircraft because the supply of new parts has been reduced due to budget cuts does not need to look to the GI Bill for a reason to leave the military. The Base Honor Guard Non-Commissioned Officer-In-Charge, who is unable to provide an Honor Guard team at a funeral because supervisors cannot release any of their personnel due to the high operations-tempo of their department, does not need to look to the GI Bill for a reason to leave the military.

Offering an enhanced GI Bill will attract young recruits who are already focused on earning a college degree. Many of those recruits will pursue and complete their degrees while serving on active duty. For that small percentage of military members who do decide to leave active duty to complete their college education, a program allowing them to return as commissioned officers could prove to be an effective tool for retention.

If we hope to recruit and retain quality people in our armed forces, we must be able to offer a quality of life comparable to that of civilian life. The main reason for the military's retention problems is not the quality of the GI Bill but the frustration experienced by our men and women in the armed forces. If they are provided with the quality medical care, family care, training, pay and benefits that the recruiting posters promise, than the pride and honor that they feel while serving in the military will be reason enough to stay.

**Q.** The cost of enacting H.R. 1071 is inevitably raised as a concern. What, however, will be the costs to the nation if we do NOT enact this bill or something similar to it?

**A.** If H.R. 1071 or something similar to it is not enacted, the cost to the nation will be an undermanned, unprepared, poorly trained military. Recruiting goals will continue to fall short and the quality of recruits will decline. AMVETS would like to point out that if the trend continues a return to some form of the "draft" would become inevitable.

**Q.** The cost of enacting H.R. 1071 is inevitably raised as a concern. What, however, will be the costs to the nation if we do NOT enact this bill or something similar to it?  
(continued)

**A.** Each year millions of young people graduate from high school and are accepted to colleges and universities to continue their education. Many of those graduates must forego college because they or their families simply cannot afford the ever-increasing costs of education. Those same graduates are just as motivated as those students who can afford to attend college. H.R. 1071 would help them to pursue their education. Those bright, ambitious high school graduates would become bright, ambitious members of the U.S. military while working toward a college degree. Both parties involved will benefit.

Congressman Evans to Larry D. Rhea, Deputy Director, Legislative Affairs, Non Commissioned Officers Association

Follow-up Questions From the Honorable Lane Evans  
From the Subcommittee on Benefits Hearing of May 20, 1999

1. During our hearing on the Montgomery GI Bill last month, the Department of Defense witnesses expressed concern that an overly-generous GI Bill benefit could encourage individuals to leave active duty. How would you suggest we structure an improved GI Bill that would not adversely affect retention?

NCOA Response: The Non Commissioned Officers Associations takes strong exception with two points raised by the DOD witnesses in expressing the Department's views.

First, NCOA believes that the veteran education benefit should be the flagship of all federal education programs. It is difficult for NCOA to envision an MGIB that pays a veteran too much when the military service commitment, and the uncertainty and risk of that military service are considered. In NCOA's view, non-veterans should not be receiving more federal money for higher education than a veteran who incurred a military service obligation, honorably served on active duty, and who was, and in many cases still is, subject to recall and mobilization following active military service. In its current form, the MGIB simply cannot compete with other federal education programs available to high-school graduates and their parents, aid that in all cases does not require a contribution, and in many cases requires no repayment. This notion of an overly generous MGIB is simply one that NCOA does not accept.

Secondly, NCOA does not accept DOD's premise that an improved MGIB would adversely affect retention in the military services. This Association knows of no evidence that suggests retention suffered as a result of benefits paid under previous veteran education programs. Further, NCOA believes DOD should be required to provide the analysis that backs up the contention made at the hearing. Rather than hurt retention, NCOA is inclined to believe that an improved education benefit would have the opposite effect. A military member, secure in the knowledge that a meaningful education benefit (a benefit protected from erosion of its value) would be available following military service, would be more inclined to stay on active duty, not less inclined.

2. The cost of enacting H.R. 1071 is inevitably raised as a concern. What, however, will be the costs to the nation if we do NOT enact this bill or something similar to it?

NCOA response: The answer to this question cannot be measured in dollars and cents; however, there is a very real cost involved if the MGIB is not improved substantially. In NCOA's opinion, there is plenty of evidence today to suggest what that cost might be; military recruiting and retention are suffering; the MGIB has the lowest training rate of any of its predecessor programs; the veteran education benefit is no longer at the core of the nation's social and economic strength; the nation is no longer taking full advantage of the unique national resource represented by veterans; and, the leadership circles across the spectrum of America are comprised of fewer and fewer veterans. These costs, although not measurable in monetary terms, are very real. NCOA suggests that the cost of improving the MGIB is far more advantageous to the nation than the cost of not doing so.

Congressman Evans to Charles L. Calkins, National Executive Secretary,  
Fleet Reserve Association

**FLEET RESERVE ASSOCIATION (FRA)**  
RESPONSES TO FOLLOW-UP QUESTIONS POSED BY  
REPRESENTATIVE LANE EVANS, MEMBER OF CONGRESS  
RANKING MEMBER, HOUSE COMMITTEE ON VETERANS AFFAIRS  
FROM SUBCOMMITTEE ON BENEFITS HEARING OF MAY 20, 1999

Q. During our hearing on the Montgomery GI Bill last month, the Department of Defense witnesses expressed concern that an overly-generous GI Bill benefit could encourage individuals to leave active duty. How would you suggest we structure an improved GI Bill that would not adversely affect retention?

A. FRA provides a more expansive response to this question in its prepared statement submitted to the Subcommittee at the hearing of May 20, 1999. Condensed, FRA agrees that an overly-generous GI Bill may cause many qualified and experienced first-term enlistees to opt for separation rather than further service in the Armed Forces. To provide an incentive, Congress should offer a greatly expanded GI Bill to servicemembers who reenlist because they wish to take advantage of the more generous benefits. In this respect, FRA recommends:

- + increased education benefits for those who reenlist and enroll in off-duty courses
- + allow those who failed to originally enroll in the MGIB to have the opportunity to enroll if they reenlist for a second or subsequent enlistment
- + greater stipends for those who reenlist
- + the authority to transfer entitlement to a family member if the service member serves a full 20 years on active duty or is separated or retired from the military for reason of disability after enlisting for a second or subsequent term.

Other recommendations would be to pay full cost of education expenses (90% for servicemembers who separate during or at the conclusion of their first enlistment); greater increases in basic education assistance under the MGIB than for those serving but a single term of enlistment; to offer accelerated payments only for those who reenlist; and make available payments under the MGIB for licensing or certification testing, preparatory courses, etc.,

Q. The cost of enacting H.R. 1071 is inevitably raised as a concern. What, however, will be the costs to the nation if we do NOT enact this bill or something similar to it?

A. The U. S. Treasury often stated that the Nation would realize greater monetary returns for every dollar spent by the government for GI bills. FRA sees no reason why this would not be true if the MGIB is improved, even if the latter's cost is considered excessive. The use of Social Security funds if used to increase the improvements, would be more of a loan to be repaid with interest, than an 'expenditure with no return.' As to what the actual costs would be if the MGIB is not improved, FRA has no real answer. The question, however, generates a few questions of its own. For example:

1)- Does the Nation prefer to pay for universal training? How much more will it cost to train thousands of drafted personnel to replace hundreds of volunteers who, for the most, will be better educated and more likely to complete an enlistment in the Armed Forces?

2)- Does the Nation prefer not to have the strength of commitment and service, dedication and discipline, the expertise and leadership it has enjoyed with veterans who have taken advantage of the MGIB and earlier education benefits, subsequently becoming more productive and creative citizens? 3)- How much money is the Nation willing to spend to insure it will not be in peril because its citizens may prefer welfare over the well-being of its defense forces?

4)- How much money is the Nation prepared to spend on offers to provide education funds to more citizens without a return on its investment?

FRA submits that the costs of improving incentives in the MGIB, to attract quality young men and women to serve the Nation in war and peace, in uniform and mufti, will be much less today than having to pay increased costs after the status of our Armed Forces personnel dips to the lowest level of readiness. This, then, leaves the final question: "What price freedom?"

-end-

## Congressman Evans to The Retired Enlisted Association

- 1) How would you suggest we structure an improved GI Bill that would not adversely affect retention?

The GI Bill is, in its truest form, a veterans transition benefit. If the Department of Defense is concerned that an improved GI Bill will have a negative impact on retention, then the Department of Defense should be responsible for providing active duty personnel with incentives that will keep them in the service. Improvements to the current active duty tuition assistance program and increased re-enlistment bonuses are effective means to achieve this goal.

- 2) The cost of enacting HR 1071 is inevitably raised as a concern. What, however, will be the costs to the nation if we do NOT enact this bill or something similar to it?

As stated at the hearing of May 20, 1999 concerning HR 1071 and HR 1182, improvements are necessary in order to guarantee that the GI Bill remains an effective recruitment tool. The GI Bill needs to be an educational benefit which will pay a significant proportion of a veteran's education costs. Further, it needs to be designed so that it does not lose its purchasing power in the future. However, these improvements can not be paid for on the backs of older veterans who rely on the Department of Veterans Affairs for health care or other needs.

Presently, a large majority of recruits enter the military for the educational benefit, despite the existing enrollment fee. Obviously, the GI Bill continues to benefit the nation by attracting these individuals. Will an enhanced GI Bill recruit even more individuals, thereby further benefiting the nation? This is certainly likely. However, the military's recruitment difficulties go beyond educational benefits. Congress cannot legislate a sense of duty or service to country.

Improving the GI Bill will cost money, but it is a price which must be paid. However, just as the GI Bill was a new, innovative plan when it was developed, new and innovative ideas must be developed to help draw quality individuals to military service.



NATIONAL ASSOCIATION FOR UNIFORMED SERVICES  
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**Responses to Follow-up Questions From the Honorable Lane Evans from the Subcommittee on Benefits Hearing of May 20, 1999.**

**Presented by the National Association for Uniformed Services  
 Mr. Benjamin H. Butler  
 Associate Legislative Counsel**

**1. During our hearing on the Montgomery GI Bill last month, the Department of Defense witnesses expressed concern that an overly generous Montgomery GI Bill benefit could encourage individuals to leave active duty.**

**How would you suggest we structure an improved Montgomery GI Bill that would not adversely affect retention?**

I disagree that an enhanced Montgomery GI Bill will encourage individuals to leave active duty. Montgomery GI Bill benefits can be used while on active duty along with the other tuition assistance programs available to military personnel. Some of these active duty tuition assistance programs pay up to 90% of all tuition costs. Many people choose to obtain a college degree while on active duty because it will enhance their military career. In fact service personnel are encouraged to pursue off duty education. Regardless of time spent in the military under the current structure an individual has 10 years from the date of discharge to use the benefit. This is regardless of whether the individual served 4 years or 20 years. I would not recommend reducing any of the proposed enhancements to the Montgomery GI Bill for this reason. A possible alternative could be, an even better benefit based on the amount of years served beyond the 4-year mark. One overall enhancement I would like to see is extending the 10 year limit after separation for use of the Montgomery GI bill benefits to 10 years from first use, for a maximum of 15 years after separation. This would give veterans more time to transition, establish a new career, and ultimately pursue their education. Ten years to obtain a part time degree while transitioning and establishing a new career is not enough.

**2. The cost of enacting H.R. 1071 is inevitably raised as a concern. What, however, will be the cost to the nation if we do NOT enact this bill or something similar to it?**

The Montgomery GI Bill is an important inducement to serving in the military. In its current status the Montgomery GI Bill is not much better than programs that people can use without serving in the military. Why risk life and limb when a young adult can get the same level of benefit elsewhere. The ultimate negative impact will be on our strong national defense. Without quality military personnel, we will have a weakened national defense and a weakened national security.

Congressman Evans to Colonel Robert F. Norton, U.S. Army (Ret.),  
Deputy Director, Government Relations, The Retired Officers  
Association

Follow-up Questions From the Honorable Lane Evans  
From the Subcommittee on Benefits Hearing of May 20, 1999

1. During our hearing on the Montgomery GI Bill last month, the Department of Defense witnesses expressed concern that an overly-generous GI Bill benefit could encourage individuals to leave active duty. How would you suggest we structure an improved GI Bill that would not adversely affect retention?

Answer. TROA acknowledged the concern of the Department of Defense (DoD) in its prepared statement before the Subcommittee on Benefits hearing of May 20, 1999. The TROA Statement said: "The Services may have concerns over whether volunteer force reenlistment and retention goals would be helped or hindered a few years down the road by a full or near-full tuition and fees education benefit. Reenlistment and exit surveys should be used to further explore the relationship between a full or near-full tuition benefit and reenlistment behavior, assuming the legislation is enacted. The departure of mid-career professionals in critical specialties is a matter of increasing urgency from a military readiness perspective. Adjustments to the MGIB must be carefully evaluated to ensure the right mix of high quality servicemembers is encouraged to remain for a full career."

All the Services plan for and assume the exodus of a certain number of servicemembers by grade, years of service and skill each year. The question becomes the marginal impact of MGIB enhancements on reenlistment behavior. We believe the Services' concerns are legitimate but that reenlistment bonuses and other incentives can be adjusted to support Service manning requirements. Those who inevitably separate should have the same opportunity to reach their education and training goals as did their grandfathers and fathers after WWII via a GI Bill that covers some or all of today's rising education costs. TROA recommends that the Committee work closely with the House Armed Services Committee to develop an enhanced MGIB program that will satisfy Service concerns over reenlistment quotas and the needs of veterans.

2. The cost of enacting H.R. 1071 is inevitably raised as a concern. What, however, will be the costs to the nation if we do NOT enact this bill or something similar to it?

Answer. The Principi Commission report argues eloquently for authorizing tuition payments under the MGIB not only for the benefit of veterans and their families but for the nation as well. The Report points out how the WWII-era GI Bill was an engine of economic and social transformation in the post-war period. TROA favors enactment of tuition / fees payments under an enhanced MGIB (as we indicated in the prepared statement) since we believe education will continue to be a key to the future of former servicemembers as well as a benefit to the larger society.







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